U.S. News
World Report

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Exclusive Eyewitness Account
By Dr. Homer Dodge and Norton Dodge

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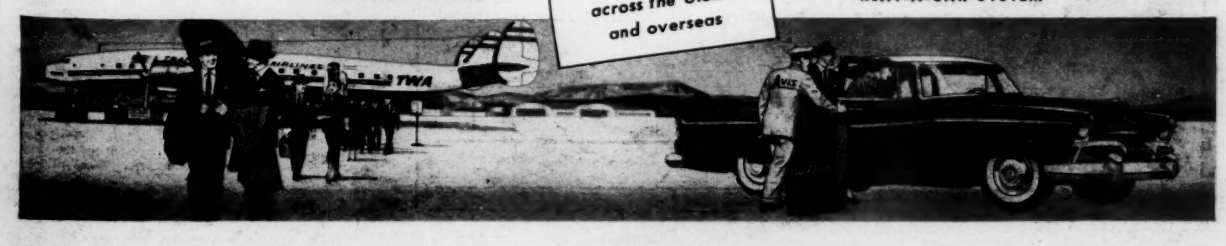

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★ How Communists Tried To Infiltrate the Press

Two well-known American reporters turn out to be former Communists. Here, in their own words from Senate records, are their stories of how they served, then quit the Reds. Testimony of Winston Burdett, who spied for the Soviets, begins on page 70; that of Charles Grutzner, who was a war correspondent in Korea, on page 92.

★ Problem: a Shortage of Water

U. S. is having to face up to the old question of what to do about water, already short in some areas. Now comes a new official report on water, power and related problems. See page 38.

★ Why Socialists Turn on Socialism

Leading socialists are finding that their old ideas, in practice, don't work. Latest to come around to that view is a top British socialist. For the new line, see page 48.

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Duncan Phyfe or Hepplewhite? Would your banker know?

WHEN it comes to recognizing period styles in furniture, most men have to take a back seat to their wives. But the man you see here can spot the lyre back and the reeded post that identify this chair immediately as Duncan Phyfe.

More important, he knows how to look at the wood and at the way the legs are joined and braced for the characteristics of careful workmanship.

And though you wouldn't normally expect such knowledge in anyone but a furniture man, this man is actually a banker—a loaning officer from The First National Bank of Chicago!

You see, he's from Division J—the Division of our Commercial Department that finances furniture manufacturers—and his interest in furniture takes him into factories and showrooms all over the country.

And this interest and knowledge aren't unusual at The First, thanks to our unique Divisional Organization. Each of our 10 Divisions serves a certain group of industries exclusively, and its officers—through constant study and firsthand contact—come to know their particular fields as few bankers do.

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IKE HAS A LIST

PRESIDENT EISENHOWER was having a good time, politically and socially. He was dropping little hints that he would run again in 1956—and also little hints that he wouldn't.

Tanned and rested after a fishing weekend in Maine, Mr. Eisenhower sparred with newsmen at his press conference and challenged Democrats in Congress, too.

The Senate Democratic Leader, Lyndon B. Johnson, of Texas, had been telling the Senate about achievements of the Democratic Congress. He hinted that the President's apprehensions about a "cold war" with the legislators had been ill-founded. Asked to comment, the President whipped out a list of 16 legislative items that he still wanted passed. Mr. Eisenhower said he was glad to thank those who had voted for the programs enacted so far. "Now," he said, "I want some more."

At week's end, Mr. and Mrs. Eisenhower entertained the White House staff and their wives or husbands, with a picnic at their Gettysburg, Pa., farm. It was their 39th wedding anniversary. Then they went on to Camp David, Md., for the long Fourth of July week end.

END OF DIXON-YATES?

THE CITY OF MEMPHIS seemed to have found a solution to the ticklish problem of bringing additional power into the Tennessee Valley area.

The fact is that more power is needed. The question was, who should supply it? The Tennessee Valley Authority had wanted to build another generating plant near Memphis. The Administration balked.

Then the President directed the Atomic Energy Commission to contract with a private firm, headed by Edgar H. Dixon and Eugene A. Yates, for a plant across the Mississippi from Memphis in Arkansas. Last week, Senator Estes Kefauver (Dem.), of Tennessee, was pressing for an investigation of the Dixon-Yates contract.

But Memphis has decided to build its own plant. The President called for another inquiry to see if the private contract now should be canceled.

LATTIMORE CASE ENDS

IN A NEARLY DESERTED federal courtroom, the long-fought perjury case against Owen Lattimore came quietly to an end. A motion was made by a U. S. attorney to dismiss five remaining perjur counts against the Far Eastern expert an university professor.

No spectators were on hand to he the motion granted.

The case dates back to 1952, when Senate committee said Mr. Lattimore ha been "a conscious articulate instrume of the Soviet conspiracy," and suggeste that a grand jury consider whether h had committed perjury. In the yea since, the U. S. Court of Appeals twi upheld a lower-court dismissal of t key counts of a federal indictment, on by a 4-to-4 tie vote. Attorney Gener Herbert Brownell, Jr., in deciding t abandon the case, finally announce "there is no reasonable likelihood of successful prosecution" of the remainin counts.

THE NEW MR. MOLOTOV

VYACHESLAV M. MOLOTOV sailed ba to Russia after showing America the "new look" in Soviet diplomacy. T Soviet Foreign Minister had made departure from the usual Communist li in his public utterances in this countr But his first visit to the U. S. in ni years was definitely "folksy" by Sov standards.

There had been friendly visits three museums, with polite comments each, attendance at a movie and leisure train trips to and from the West Coa At Cheyenne, Wyo., Mr. Molotov pos for photographers in a 10-gallon h Actually, behind his thick cordon bodyguards and aides, Mr. Molot seemed to be enjoying himself.

SOVIET SHOE PINCHES

CHARLES BARON, born in Pinsk, Russ came to the U. S. more than years ago. First as a plumber, then as grocer, he saved money, invested in 18-unit apartment building in Nort west Washington. Employes of the S viet Embassy lived there, in 13 of t apartments, for more than 10 yea White Americans occupied the oth apartments. The neighborhood becam predominantly Negro.

So now Mr. Baron has opened apartment to Negro tenants. He put a sign on the lawn: "Colored—For Rent The Russians are moving out.

Why are they leaving? Mr. Baron say "They are always talking about Ame cans. Their propaganda is that the Ame can people are oppressing the color people. But after the colored people b gan to move in—" Mr. Baron shrugg

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Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Ike Shows How to Win Voters . . . Hunger Turning Reds To Peace? . . . Humphrey Hopes to Balance '57 Budget

Top-ranking generals and admirals are beginning to be worried by the ease with which President Eisenhower is able to focus the public mind on quiet and contentment, shifting it away from worry and irritation. Military men fear that the tendency may be to let down the country's guard in a world that's still dangerous.

★ ★ ★

Mr. Eisenhower is now getting a rating of "excellent" by practical politicians on his ability to practice their art. It appears to politicians of both parties that the President has a knack for striking a responsive chord among many voters.

★ ★ ★

Lyndon Johnson, Texas Senator and Senate Majority Leader, was somewhat jolted when Ike attacked the Democratic record in the present Congress. Senator Johnson thought he had been co-operating with the President on a good many issues usually considered partisan.

★ ★ ★

Some top Republicans say they sense a Democratic strategy for 1956 that accepts the idea of a second term for Mr. Eisenhower, with emphasis placed upon election of another Congress under Democratic control. Then, if Republicans are right, the Democrats would go to work on Ike in his second term with the objective of winning the Presidency in 1960.

★ ★ ★

Justice William O. Douglas of the U. S. Supreme Court, at age 56, is showing a continued interest in politics. Justice Douglas, jumping into the middle of the political controversy over U. S. recognition of Red China —with interviews favoring recognition —has been mentioned in the past as a potential Democratic nominee for the Presidency.

President Eisenhower is becoming concerned by the increase in the number of younger men who have entered Government in jobs just below the top layer and who now are leaving Government service, somewhat disillusioned. Men who enter Government service from private life find many frustrations that seem to generate an urge to leave public office.

★ ★ ★

Charles Wilson, Secretary of Defense —required to sell his stock in General Motors as the price of Government service—has seen it just about double since the time that he sold. Mr. Wilson's paper assets, as a result, are far lower than they would have been had he stayed in private life.

★ ★ ★

Robert Stevens, resigning as Secretary of the Army, will return to his family textile business and will be free to repurchase shares sold after entering Government service. Textile-share prices have not risen so sharply in the period since 1952; but, like other businessmen required to sell stock, Mr. Stevens was forced at the time to pay a tax of 25 per cent on gains from shares that long had been in his possession.

★ ★ ★

George Humphrey, Secretary of the Treasury, at the start of another accounting year for the Government, still holds to his ambition of achieving a balance in the Government's budget. In Mr. Eisenhower's first term, there is only one more chance to get outgo into line with income, and Secretary Humphrey figures that he can make it on that last try.

★ ★ ★

Ezra Benson, Secretary of Agriculture, was somewhat surprised at the degree of farmer approval of Government control over their business in exchange for support by Government of farm prices. More than three fourths of the wheat growers who voted preferred regimentation and an assured price to no regimentation and probability of a lower price. Farmers are not yet ready to risk a free market.

★ ★ ★

John Foster Dulles, Secretary of State, is becoming concerned by growing evidence that, while Communists in Southeast Asia are talking peace, they are actively building military cadres in so-called "neutral" areas, with the help of arms from the Soviet Union and Communist China. Communists have no intention of removing their pressure.

★ ★ ★

Harold Stassen, who's making plans for disarmament, apparently has frightened the British with some of his ideas. British now are concerned lest this country go too far toward meeting Soviet Union ideas.

★ ★ ★

Ike himself has insisted upon a policy of leaning over backward to avoid a belligerent response to attacks by Communist planes upon American planes. The President feels it highly important to convince the world that the United States will go out of its way to assure peace.

★ ★ ★

Mr. Eisenhower is being advised by some of his aides that the sudden intense Communist interest in coexistence is directly related to the fact that the Communist empire—as now set up—cannot feed itself. Lacking enough food, it can hardly afford to get involved in war. Russia's Nikita Khrushchev, along with his Bolshevik aides, is heading into deep trouble unless the outside world again comes to his aid.

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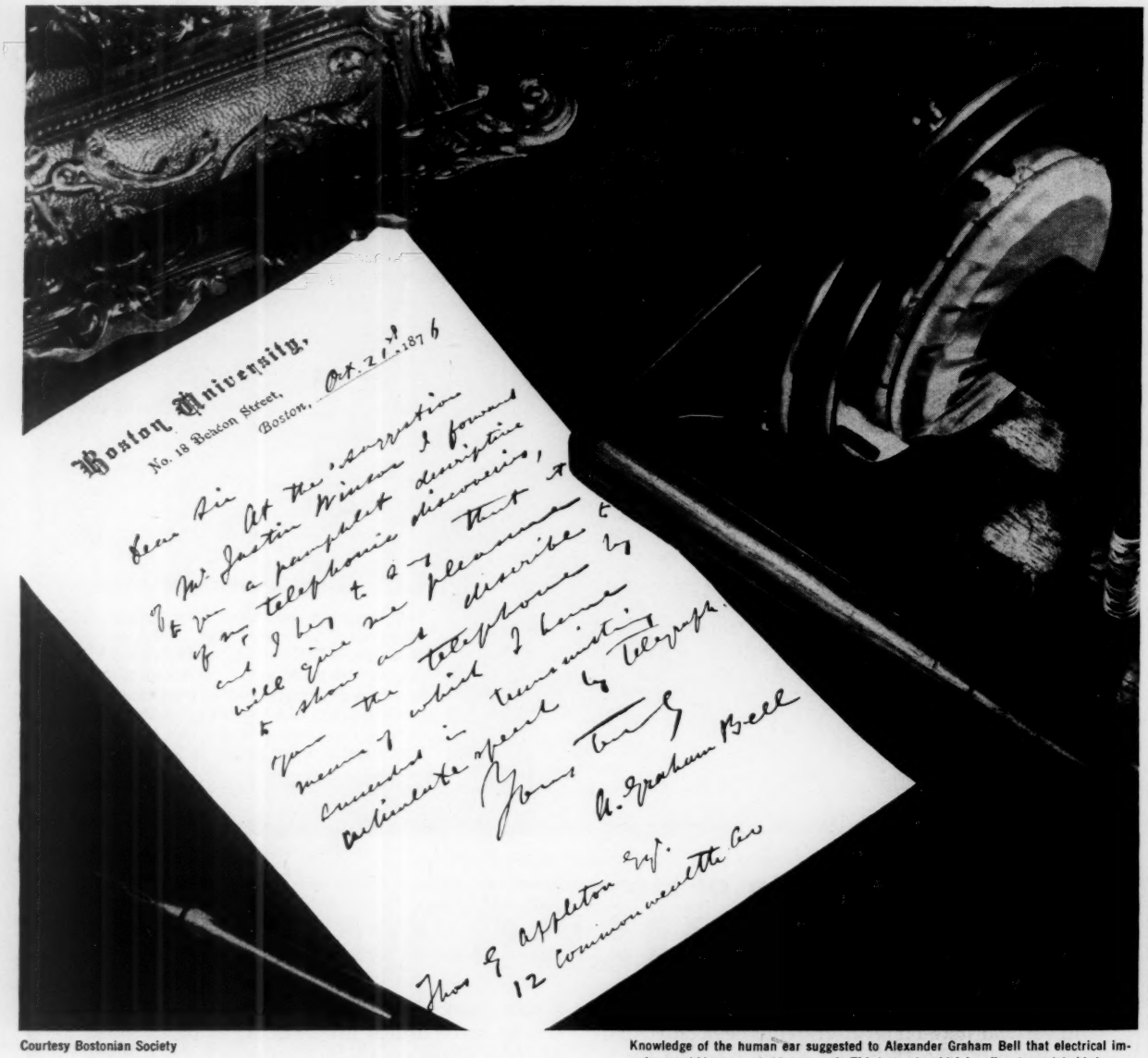

Courtesy Bostonian Society

Knowledge of the human ear suggested to Alexander Graham Bell that electrical impulses could be converted into speech. This letter, in which he offers to explain his invention to Thomas Appleton of Boston, was written by Dr. Bell in 1876, shortly after he had successfully demonstrated the first telephone at the Philadelphia Centennial Exposition.

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A LOOK AHEAD

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At the halfway mark of another year, looking into the second half:

Worries will become fewer. Enjoyments will grow greater. Contentment will tend to displace irritation and fear and fretting.

Peace is going to seem almost normal; war scares just a memory.

All around the world people will show a growing desire to relax, to let down after long years of turmoil and uncertainty. Things are quieting.

Jobs, generally, will be quite plentiful. Unemployment will be low. Rates of pay will go on rising. Raises will be rather widespread.

Income at a record level will mean record levels in trade, new records in the level of living standards. More people will enjoy more of the good things of life than ever before. People with record amounts of income to spend will add to that income for spending by a record amount of borrowing.

The mood is going to be that of peace and prosperity.

Cost of living will stay about where it now is. Food is likely to cost a little less. Rents may go down a trifle. Clothing may be a bit higher in price. Utilities are likely to be, too. Services will cost a little more.

The dollar, in other words, will continue to be a good dollar.

Travel will continue its boom. Vacations will tend to be longer.

Gasoline use, as a result, will keep on rising. Golf courses will stay crowded. Hunters and fishermen will grow more numerous, more active.

Florida's boom is likely to go on. California's, too. New England, the Southwest, other areas catering to tourists will do well.

The urge to enjoy life is becoming almost explosive.

Business, after the usual summer lull, will hum again by autumn.

Christmas, this year, will be the biggest ever. Retail trade is likely to go on rising. People, after neglecting their wardrobes, very probably will be showing more interest in new clothes of many types.

Autos may do a little less well for a time. Color TV will begin to move ahead with prices lowered. There'll be plenty for people to buy.

New-model cars, due in late autumn, will stress safety. Safety belts will become standard on some models. Brakes will be improved. Door latches are due for change and strengthening, with accident prevention in mind.

Horsepower of engines is going to go on rising. Headlight improvement will go on, aimed at better vision and less glare. Power steering will come into

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wider use and automatic transmissions will be refined.

Automobile improvements will increase the urge to own the latest model.

Business profits will be high and rising in the second half. Dividends will be in a rising trend, too, and probably will be the largest ever.

Stocks, in consequence, may go on rising moderately. Stock prices, though, are felt by most market appraisers as having discounted a good deal. Speculation, increasingly, is getting attention.

Stock buying, probably, will be on an all-cash basis before 1956.

Money will continue to be fairly abundant. Cost of money, interest rates, however, will edge a little higher. Mortgage money, for example, is likely to increase a bit in cost. Installment credit may be tightened a little.

Really tight money, though, will not be allowed to come back.

Lots of money, easy credit, supplies the underpinning for good times.

Draft of young men will go on to provide the sober note.

Draft liability will continue to age 35. 4-F's, like other categories of young men, will remain eligible for reclassification to 1-A to age 35.

Older men, of draft age, will continue to be taken before the younger. Draft, actually, is taking few below age 22. Draft calls will remain low, with a large proportion of youths not being forced into service.

Polio vaccine will be improved, made abundant, in months to come.

Shots against polio will become general after the 1955 polio season. The hectic phase of the vaccination excitement is over.

Vaccine's effectiveness will get its biggest test in 1956, not 1955.

Scares about atomic fall-out are likely to subside as the year wears on. Bomb tests in 1956 are likely to be less extensive than in 1955. Fall-out danger was blown up out of all proportion as a means of frightening Americans, as a way to slow U.S. preparation in the race for arms leadership.

Eisenhower will continue to stress calm and quiet. Ike, deliberately, aims to quiet the country's nerves, to avoid excitement.

Eisenhower readiness to run again is likely to become clear by the year end. Ike's goal is to restore something resembling normality to a world that's been in one kind of trouble or another since 1929--26 years.

U.S. will go on gaining in strength relative to the Soviet empire.

Soviet Union, weak basically in the past, will show its weakness more as time goes on. Farmers will continue to resist the state effort to turn them into wage earners. Arms race will go on putting heavy strain on Russia's weak transportation setup and its rigid socialistic system.

Communists today lack the food base from which to wage big war.

Communist China, even more than Russia, will show her weakness.

China, under Communist rule, will find it increasingly difficult to win wars and influence people with loud and rough talk.

War, in other words, will recede still further as months go by.

Peace will be the theme of the period that lies ahead.

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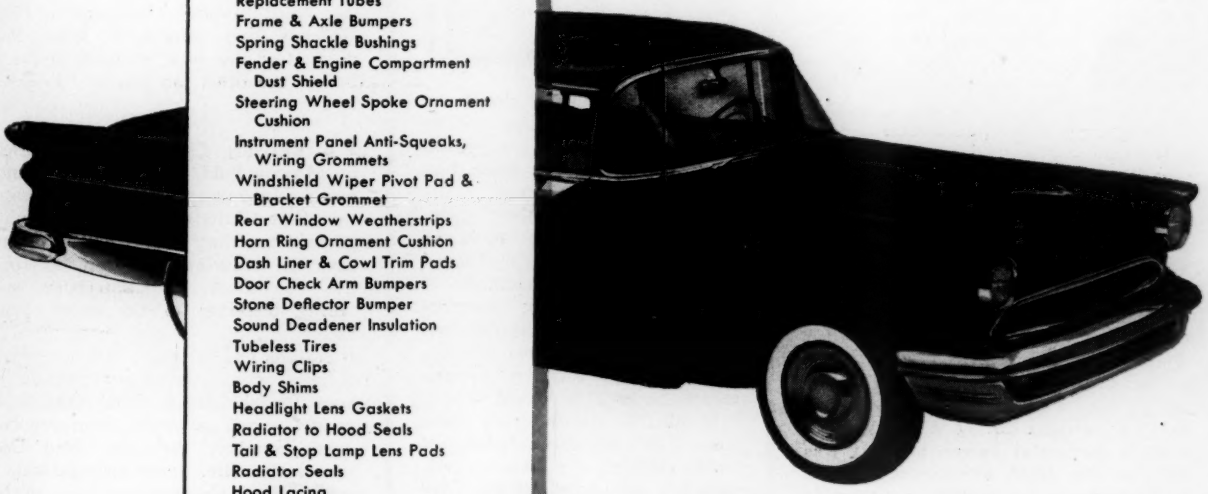
- Steering Collar Insulator
- Radiator Hose
- Heater Hose
- Body Insulators
- Heater Can Anti-Squeak Pad
- Steering Post Bracket Insulator
- Spark Plug Covers
- Steering Post Pads
- Radiator Drain Tube
- Silent Block Bushing
- Tail Pipe Insulator Support
- Wiper Hose
- Antenna Gaskets
- Division Channel Weatherstrip
- Window Channel Filler Seal
- Parking Light Lens Gaskets
- Bumper to Fender Spacer
- Fresh Air Adapter Grommets
- Battery Drain Tubes
- Gearshift Lever Arm Bushing
- Replacement Tubes
- Frame & Axle Bumpers
- Spring Shackle Bushings
- Fender & Engine Compartment Dust Shield
- Steering Wheel Spoke Ornament Cushion
- Instrument Panel Anti-Squeaks, Wiring Grommets
- Windshield Wiper Pivot Pad & Bracket Grommet
- Rear Window Weatherstrips
- Horn Ring Ornament Cushion
- Dash Liner & Cowl Trim Pads
- Door Check Arm Bumpers
- Stone Deflector Bumper
- Sound Deadener Insulation
- Tubeless Tires
- Wiring Clips
- Body Shims
- Headlight Lens Gaskets
- Radiator to Hood Seals
- Tail & Stop Lamp Lens Pads
- Radiator Seals
- Hood Lacing
- Fender Seals
- Hood Bumpers
- Bumper Grommet
- Glove Box Door Bumpers
- Gas Tank Filler Neck Grommet
- Sill Mats & Attaching Grommets
- Defroster Hose
- Door Bumpers

super-durable Enjay Butyl protects '55 cars in over 100 places



It's good news for car owners that the rubber parts that used to crack, chip, and practically disintegrate under tough road and weather conditions are being replaced with parts made from super-durable Enjay Butyl. In over 100 vital places, Enjay Butyl helps give many '55 models the performance and appearance that make them a pleasure to drive, an economical unit to maintain.

If you make a product in which rubber is used, or *could* be used, you owe it to efficient business practice to investigate the many advantages that Enjay Butyl has over other types of rubber. Its price is a definite advantage, too. Complete laboratory and technical facilities are at your service. For full information contact the Enjay Company today.

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35 SUCCESSFUL YEARS OF LEADERSHIP IN SERVING INDUSTRY

1955

PEOPLE ★ ★ ★

OF THE WEEK

› ALLEN W. DULLES, Director of the nation's supersecret Central Intelligence Agency, bared his hush-hush operation to an investigating task force, came away with an "E" for effort but no "A" for achievement.

The investigators, headed by Gen. Mark Clark (Ret.), praised the "enthusiastic" work of the CIA Director. But they reported that U. S. spies haven't solved the problem of ferreting out Russian activities behind the Iron Curtain and throughout the world; proposed that the agency be reorganized from the inside out. Higher pay for secret agents would help, they added.

Mr. Dulles, 62, is a younger brother of Secretary of State John Foster Dulles; is the first civilian to head the country's secret intelligence service. He is a pipe smoker, an easy conversationalist, is willing to talk about almost any subject—except the CIA.

Mr. Dulles got into the secret-agent business in 1916, as a 23-year-old junior clerk in the U. S. embassy in Vienna, when he made contact with dissident forces inside Austria who were trying to break away from the Kaiser's Germany. He returned to the shadowy world of intrigue during World War II, after a successful career in law; was chief of the U. S. intelligence mission in Switzerland, got credit for numerous "cloak and dagger" coups. The CIA is believed to have a payroll of 10,000 to 15,000 agents in this country and around the world.

› ADVISER TO FORMOSA with an up-front view of Red China's growing air strength is new at his job but old in experience. **Maj. Gen. George Winfred Smythe,** recently assigned as chief of the U. S. Army's Military Assistance Advisory Group in Formosa, is a veteran infantry commander of both World War II and Korea, has been decorated for his skillful leadership of troops under fire.

General Smythe, 55, took over his sensitive post at almost the same time that Red planes, some reportedly manned by Russian pilots, showed new boldness in attacks around the offshore islands of Matsu and Quemoy, held by Chiang Kai-shek. This stepped-up Communist aerial activity confirmed what Western military men had suspected: The Reds have built up their mainland air bases to the point where they can give fighter and bomber support for an amphibious assault on the islands whenever the Communist leaders in Peiping and Moscow give the word.

America's top-ranking adviser to the Chinese Nationalists went to Formosa from his post as deputy commander of the Second Army, at Fort Meade, Md. General Smythe, born in Norristown, Pa., won All-American honors as a halfback on West Point football teams in his cadet days in the early '20s. He fought in North Africa, Sicily and Europe, later commanded the 24th and the Third Infantry Divisions in Korea. He has two sons—both West Point graduates. One is a jet pilot in the Air Force; the other, an infantry lieutenant in the Army.

CALLING IT QUITS

› HERBERT HOOVER closed the books on what he says will be his final Government job; looked forward to a rest after more than 40 years of public service.

The former President twice has been drafted to serve as chairman of commissions charged with recommending methods of eliminating waste in Government. Each project lasted two years. His other chores—services to his own and other governments—go back to World War I.

In all, the commissions made some 30 reports—millions of words calling for economies estimated in billions of dollars. They stack almost high enough to hide **Neil MacNeil,** the Commissions editorial director.

Mr. Hoover, 81 next month, is the first octogenarian ex-President since John Quincy Adams, who died at 80. "The Chief," as Mr. Hoover's old friends call him, lives quietly in New York except when commuting between there and Washington; spends his summers in California.

—Wide World

Neil MacNeil looks over Hoover reports

› A BRITISH CHURCHMAN, enriched by Moscow gold, has raised his countrymen's blood pressure with the suggestion that Christianity and Communism go well together. A mixture of the two, says **Dr. Hewlett Johnson,** known as the "Red Dean" of Canterbury, would "bring blessings to the entire human race."

Britons, as a rule, are tolerant of political eccentrics. They have a soft spot for the Hyde Park orators who peddle world salvation from soapboxes every Sunday. But the "Red Dean" rouses their ire, draws denunciation for supporting Communism—"a doctrine that makes a mockery of the decency of man," as one newspaper critic described it.

Once again, there are demands that the Dean be ousted from his high position in the Anglican Church. That is easier said than done. He holds a lifetime appointment.

The son of moderately wealthy parents, Dr. Johnson worked as a textile-mill hand, accepted socialist dogma before turning to the cloth as a career. He rose quickly in the church, was named Dean of Canterbury in 1931.

The "Red Dean," now 81, created his greatest stir when he visited Red China during the Korean war, returned to spread the Communists' charges that United Nations forces were practicing "germ warfare" in Korea. Britons were furious, attempted to have him tried for treason, failed. The Russians have rewarded the Dean with a Stalin "peace" prize—worth $25,000.

› CHARLES E. BOHLEN is spending a busy "holiday" in Washington. The U. S. Ambassador to Moscow, called

(Continued on page 14)

where the future begins

It's a young man's universe!

No other branches of the armed services today—and few businesses—offer more exciting and unlimited opportunities for the future than are available in the military fields of aircraft, missiles, rocketry and space vehicle development.

Shown here is a glimpse of 600,000 square miles of our planet. It was photographed from a Martin Viking research rocket which attained an altitude of 158 miles. This rocket was one of a series developed by a team of Martin engineers and Navy scientists who have worked together since 1946.

To the young engineer and to the enlistee for military service, this picture says more than words about the immense opportunities to be explored—in uniform or out—in the closely integrated field of military and commercial aviation.

Here, in fact, is one of the biggest futures in the world today.

MARTIN

BALTIMORE · MARYLAND

home for consultations, has been coaching teams of State Department experts who are drafting "position papers" for the Big Four conference at Geneva later this month. These lay down U. S. policy on various subjects expected to come up for discussion.

It falls to Mr. Bohlen, as the top U. S. expert on Russian affairs, to interpret the Kremlin's latest "line" so that the American delegation will be prepared with answers to Soviet demands. The Russians, for example, could be planning to throw the Western nations off balance with a surprise proposal for the unification of Germany, or a new version of their idea of disarmament.

For "Chip" Bohlen, 50, anticipating the zigs and zags of Soviet policy has been the keystone of a Foreign Service career that began 26 years ago. Much of that time he has spent in Russia or in studying Russian problems.

His nomination for appointment as Ambassador to Moscow in 1953 created a stormy controversy in the Senate because of Mr. Bohlen's former close association with Presidents Roosevelt and Truman at the Yalta, Potsdam and Teheran conferences. He was confirmed only after the late Senator Robert A. Taft gave his reluctant support. In Moscow, Mr. Bohlen has pressed for closer contacts between Western ambassadors and Kremlin leaders as one way of ending "cold war" tensions. He has made long automobile trips through the Soviet provinces.

› **KING HAAKON VII,** Norway's first independent monarch of modern times, suffered a grievous injury in the 50th year of his reign. The King, nearing 83, his eyesight failing, broke his thigh in a fall; was succeeded temporarily by his only child, Crown Prince Olav, acting as Regent.

The accident to the Danish-born King brought messages of sympathy from all parts of the Western world, whose respect he had won by his unyielding opposition to the Nazi occupation of Norway in World War II.

When Norway gained its independence from Sweden in 1905, Haakon was the second son of King Frederick VIII of Denmark. He was offered the Norwegian throne; accepted on condition that the choice be approved by the people in a free election. This they did, giving him 80 per cent of their votes. Although the new King preferred bridge as a pastime, he learned to excel in the Norwegian sports of skiing and skating.

With the invasion of Norway by the Germans in 1940, Haakon refused to submit; moved his Government from town to town; ducked into snowbanks to escape the machine-gun bullets of dive bombers; finally took refuge in Britain.

Crown Prince Olav, observing the diminishing number of kingdoms in Europe, studied civil engineering; once told friends: "Then I shall have something to fall back on if I get the gate."

WASHINGTON MEETS A CRISIS

› **BURMA'S PRIME MINISTER,** at 4 o'clock on a hot, muggy afternoon in Washington, had a date with Secretary of Agriculture **Ezra T. Benson.** The official party of **U Nu** arrived at the Agriculture building with an escort of motorcycle policemen. No one was there to greet them. They went inside. A receptionist asked their names, wrote them down, took the names into the Secretary's office.

—Harris & Ewing

SECRETARY BENSON
. . . he didn't appear

Prime Minister Nu stood in the anteroom, cooling his heels, for five minutes, then said: "Tell them we'll see them some other time," and walked out.

State Department officials were choked with embarrassment. Nothing like this seeming affront to a visiting dignitary had happened before in their memory. Said one: "If it had happened here, everybody in the protocol section would have been fired by now."

Mr. Benson rushed out of his office just as the Prime Minister's party dropped out of sight in an elevator, explained he had been detained in conference with two British Embassy officials. Later that evening, he and Mrs. Benson hurried to Blair House, where the Burmese visitors were staying, apologized. Mr. Nu chuckled over the incident, agreed to make a second call in the morning.

Next day, things were different.

Agriculture officials had worked past midnight to get arrangements down pat, make sure there would not be a second *faux pas.*

The Prime Minister's party approached the Agriculture building at 8:40 a.m. Flags were flying. A reception committee headed by Assistant Secretary Earl Butz stood out front. Mr. Butz thrust his head through the doors, cried: "Get the elevators ready. Here they come."

Inside, doors were ceremoniously opened as the Prime Minister was escorted to Mr. Benson's office.

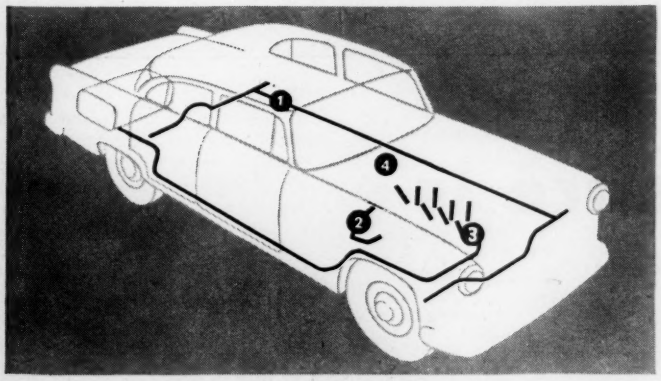
Everything went off smoothly, Mr. Benson and his Burmese guest exchanged family portraits.

The crisis was over.

—European

PRIME MINISTER U NU
. . . he didn't wait

Bundyweld Steel Tubing ...the lifelines in 95% of today's cars!



Today's power-packed, high-speed automobiles give you the utmost in comfort, luxury, and—safety! Safety made possible because of Bundyweld Steel Tubing—*used as lifelines in 95% of today's cars!*

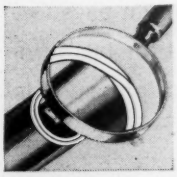
Automobile manufacturers insist upon Bundyweld for vital gas, oil, and brake lines, because they know they can expect and get rugged, dependable performance. Double-walled Bundyweld Steel Tubing is strong and leakproof, and resists vibration fatigue. Brake lines made of Bundyweld are *fifteen times stronger than is necessary to protect your life!*

1 Brake lines of extra-strong, dependable Bundyweld assure you that you'll stop in time — when stopping matters.

2 Oil lines made with leakproof Bundyweld keep oil where it belongs. No costly repairs or ruined engine for you.

3 Bundyweld gasoline lines stay smooth, leakproof despite battering from flying stones, punishing vibration.

4 Tough, lightweight push rods of Bundyweld help engineers produce more powerful overhead-type engines.



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The slowness of shipping had Brown in a knot.
To set himself free he'd have given a lot...

Then he straightened things out this fast, easy way,
Now **RAILWAY EXPRESS** speeds his shipments today!

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Railway Express uses the facilities of some 480 independent and competitive transportation companies in the movement of express traffic. It's free enterprise at its best, putting at your service one-third of a million miles of co-ordinated rail, air, water, and truck routes that connect all America.

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WHERE INDUSTRY'S BOOM IS BIGGEST

Aircraft—Aluminum—Radio-TV—Plastics—Plywood

Look closely at the boom of this period, and you get a line on which industries will grow in the future, which ones will decline.

Real growth, in the years since World War II, has been far from uniform.

At the top of the scale, a number of industries have more than doubled output.

At the bottom, a few have suffered declines in a period of general prosperity.

What it all means is a new pattern of business activity, new demand for new things.

With public tastes changing, some products gain at the expense of others.

It's important to see which is which.

There is this about the boom in business of which you need to be aware:

- Not every line of industry is sharing equally in today's boom, or in the growth of recent years.
- A few industries are far out in front of the procession.
- A few others actually are dropping behind in a period of general growth.

It is important for the investor, for the young man planning a career, for the community looking to the future, to be aware of the changing pattern of activity and growth in industry.

The manufacturing plants of this country, as a whole, are turning out 38 per cent more goods than in 1947. In the same period of time, population has grown 14.7 per cent. Most of the production increase has gone to benefit the civilian population. That means a higher standard of living. It also reflects a vast expansion in jobs and in investment in new plant and equipment.

In the year ahead, as the chart on page 20 shows, there is going to be even greater expansion. Industry, now turning out a record volume of goods, is to be turning out an even greater volume in the first half of next year.

Variations in growth. When you take a closer look, you discover that there are wide variations in the growth trends of industries. They vary from an increase since 1947 of 417 per cent for aircraft manufacturing to a decline of 37.6 per cent in the manufacture of railroad equipment. As a general proposition, you can conclude that those industries that have grown the most in recent years stand the best chance of growing more in years ahead. But there are exceptions.

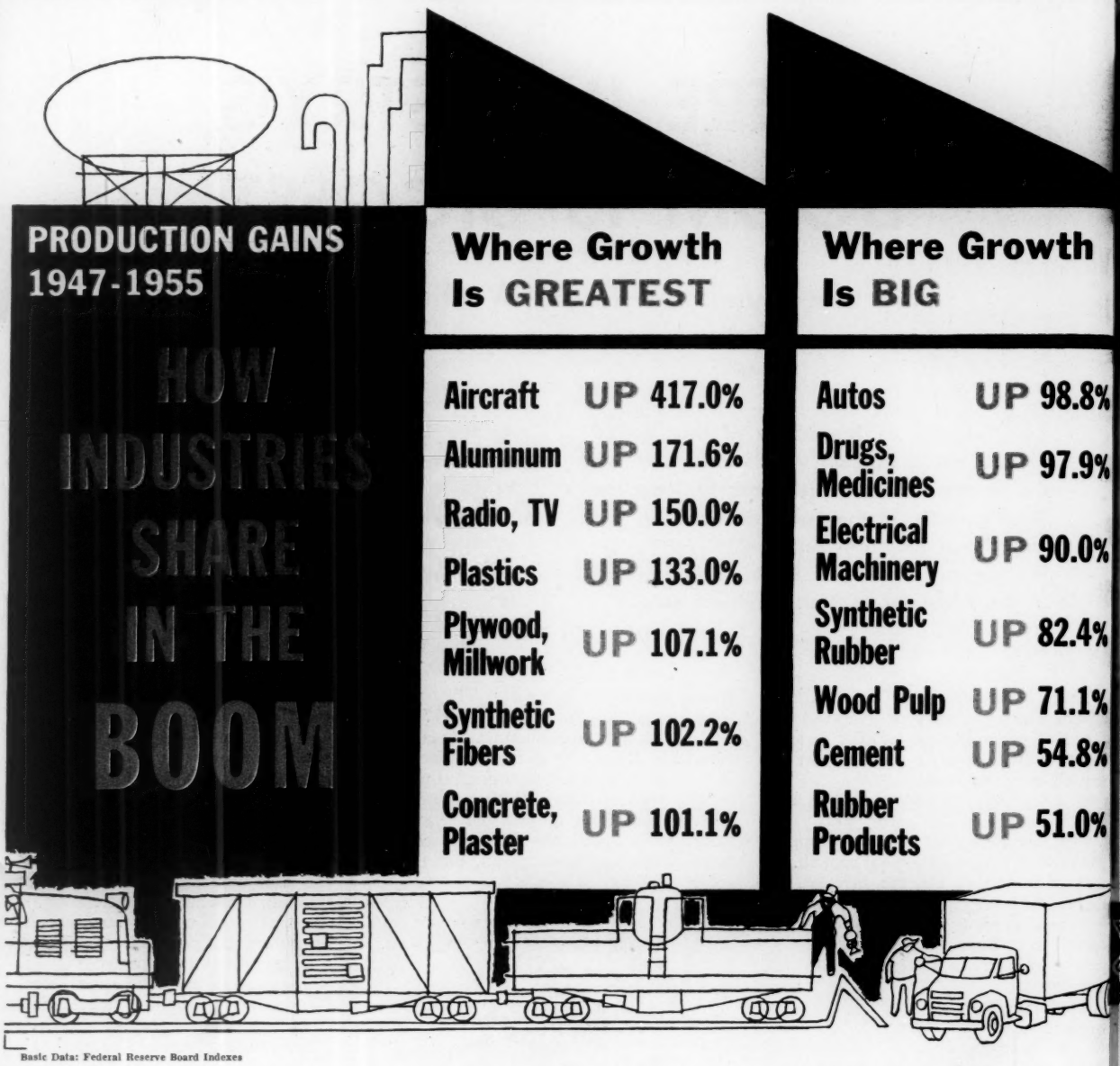
—Warren in the Cincinnati Enquirer

"THERE'S NO BUSINESS LIKE U. S. BUSINESS!"
. . . especially in some industries

The aircraft industry, for example, shows the largest production gain of all. But this growth is related to war and defense needs. Barring outbreak of another war, you can hardly expect this expansion to continue. Output of aircraft, in fact, is smaller now than in early 1954 and, a year from now, is likely to be down still further.

The aluminum industry, on the other hand, promises to continue its growth. This industry stands second in the list of production gains and a large part of its output goes into defense goods and the national stockpile. But aluminum is scarce. Plants are operating at capacity and further expansion seems assured. Aluminum output now is running nearly 6 per cent ahead of last year, and next year is likely to be 8 per cent ahead of the current year.

A pause seems likely in the growth of the radio and television industry, which is producing 150 per cent more than in 1947. Output dipped a bit in 1954 from 1953, and this year it may not regain the 1953 peak. Production in the first half of next year is not expected to differ much from the first half of 1955. However, advances in this industry, such as color television and the gains in electronics development, seem to assure further growth, though the pace



Basic Data: Federal Reserve Board Indexes

may be slower than in the immediate past.

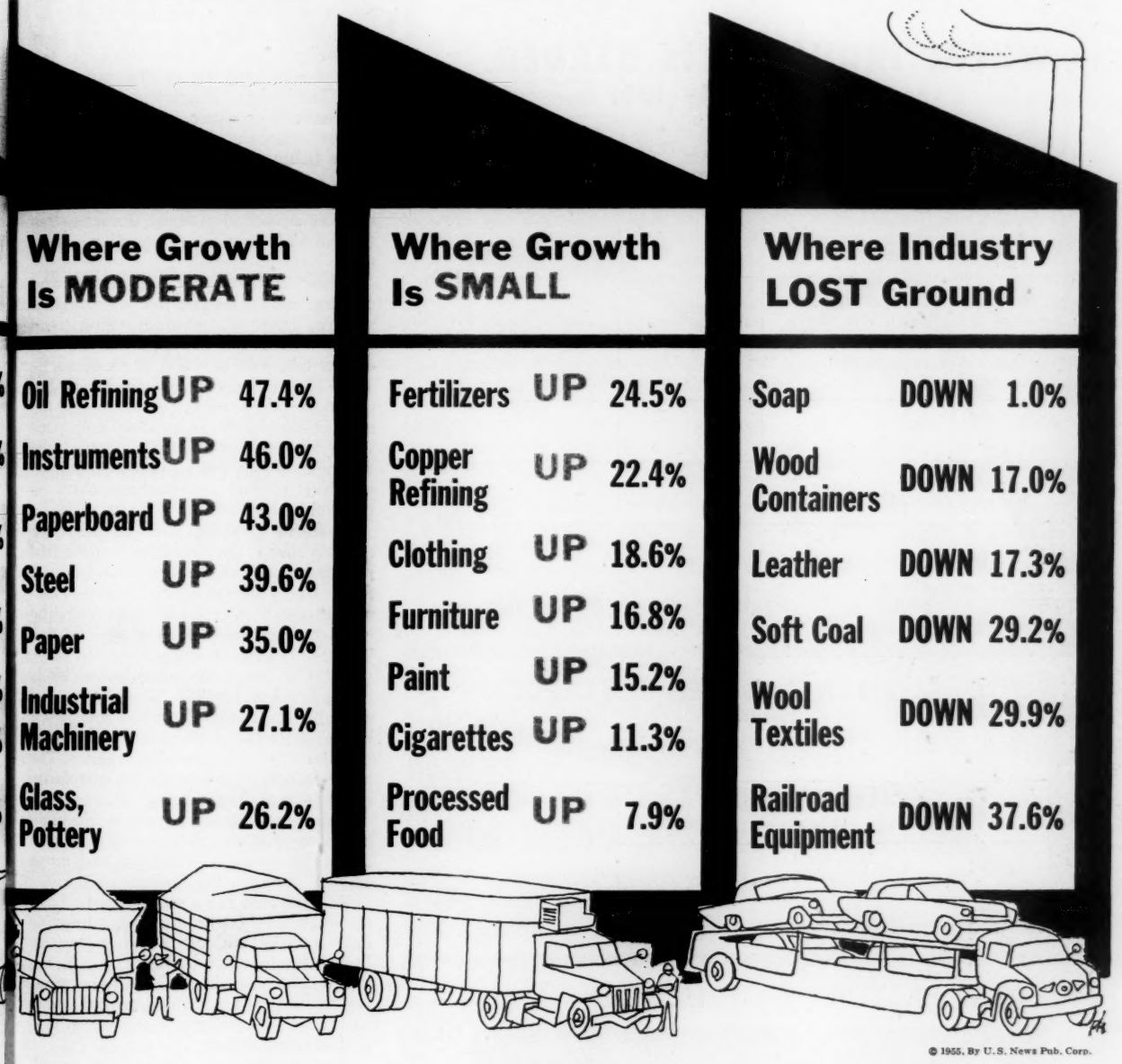
Other types of electrical equipment have not had the growth experienced by radio and television. Production this year may average less than during the 1953 boom, but the industry is in a strong uptrend, and output early next year is likely to be back to the 1953 high. Future prospects are bright because of the growing interest in automation equipment and in new products for the home, such as air-conditioners.

Expansion for plastics. A strong growth trend also is indicated for the plastics industry, which expanded 133 per cent from 1947 to 1955. With the exception of 1948, output of plastics has increased each year and another gain is ahead for 1956. There is no sign that the broad and growing use of plastics for all kinds of products, from toothbrushes to automobile bodies, is to diminish.

Prospects also are promising among other chemical industries, such as drugs and medicines, where scientific advances have been impressive, in synthetic fibers, where output has more than doubled since 1947, and in basic chemicals. Dips in general business activity will bring temporary declines in these fields, but long-term prospects appear favorable for most parts of the chemical industry.

The auto industry is not expected to repeat the large gains scored since 1947, chiefly because output in 1947 was abnormally low. The industry then had not completed its conversion from wartime to peacetime operations. Production next year is not expected to match this year's anticipated record of 7 million passenger cars, but investment plans of auto producers indicate confidence in future growth. Output of trucks and buses next year is expected to be larger than in 1955.

In contrast to autos and aircraft, you see a decline in output of railroad equip-



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ment of 37.6 per cent since 1947. At present, a rising trend is under way in this industry because of expansion in railroad traffic. The future fortunes of railroad-equipment manufacturers depend on the course of railroad development. There are signs that railroads are preparing extensive modernization programs.

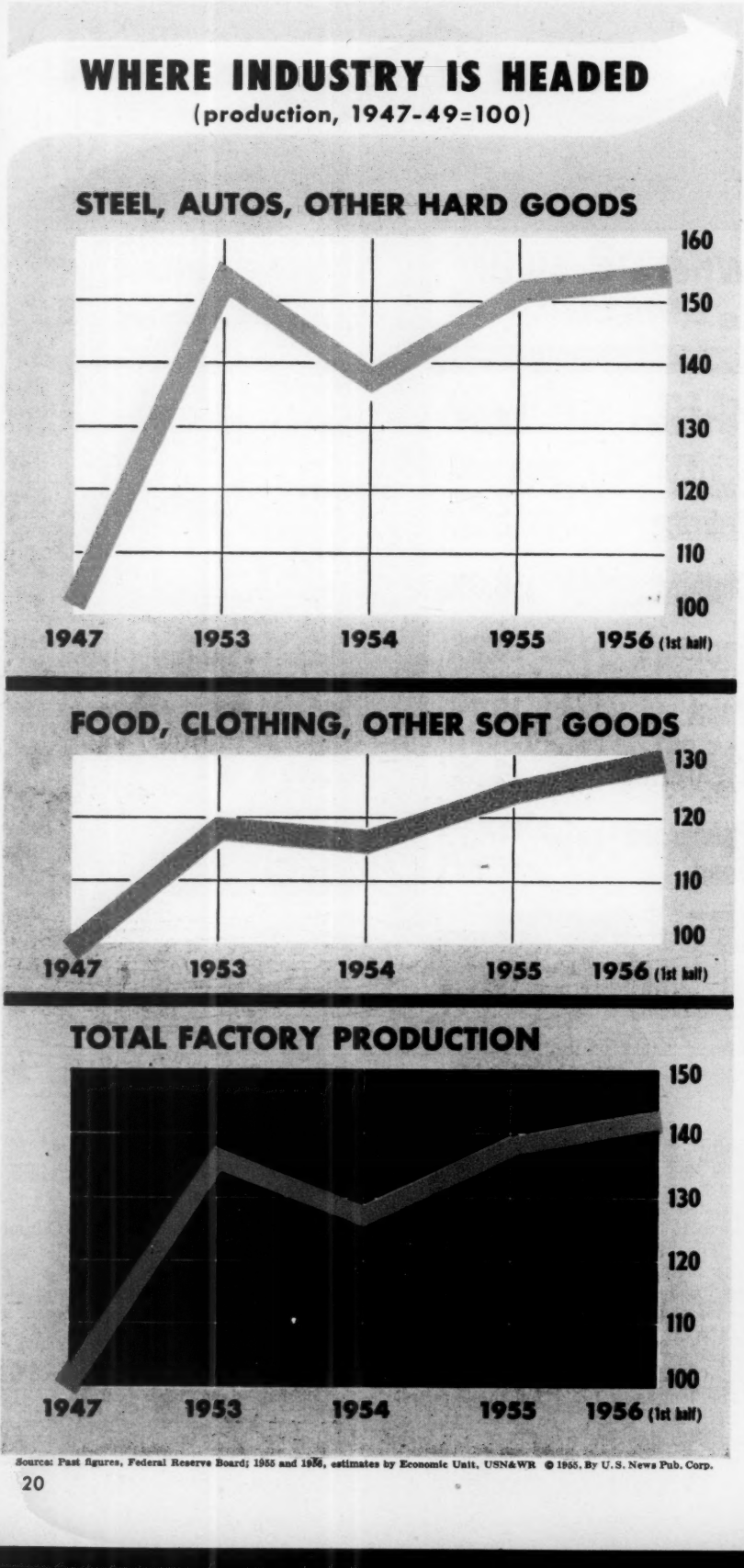
Changing practices. What you are seeing, in broad terms, is a shift in the practices of industry and the tastes of consumers. This shows up in growth records.

Output of aluminum soars as more and more uses are found for this metal. But lead, on the other hand, has been rather stagnant, while copper refining and zinc production are having a relatively small growth. Steel output has expanded about in pace with the average increase in industrial production.

The building boom is responsible for the sharp increase in plywood and plaster products, but these have gained far more than lumber. One reason is that plywood is replacing other materials, while gypsum, a plaster product, is being used widely instead of wood for lath. The long-term trend for these popular materials is bright. The cement industry, up 54.8 per cent from 1947, can count on further gains as a result of the promising outlook in years ahead for highways, schools, hospitals and other structures.

You can see similar crosscurrents operating in the container industry. Output of wooden containers is down 17 per cent from 1947, but production of paper cups, cartons and other paper products is up 49.5 per cent, while paperboard, a basic packaging material, has jumped 43 per cent.

Detergents gain. The dip in production of soap—down 1 per cent since 1947—reflects another shift. Soap production has been slipping since 1947, but output of detergents has multiplied nearly three



Source: Past figures, Federal Reserve Board; 1955 and 1956, estimates by Economic Unit, USN&WR © 1955, By U. S. News Pub. Corp.

times. That's another example of how new developments bring about change.

The rubber industry shows considerable expansion in new products but only modest growth in the output of tires and tubes. Biggest gains in this field have been made in footwear, foam rubber, mechanical rubber goods, conveyor belting and similar products. The signs point to further developments in the use of rubber. Synthetic-rubber production advanced sharply from the low level of 1947, but future growth promises to be more moderate.

When it comes to the textile and clothing industries you see an irregular pattern. There is a strongly rising trend at the moment, and output of clothing in the first half of 1956 is likely to be 10 to 11 per cent over present levels. For the long run, however, gains in clothing are not likely to do more than keep pace with the rising population. People now are inclined to spend a smaller proportion of their income on clothing than on other things.

In textile products, growth has been rather sharp in synthetic materials, mainly because of the demand for fabrics from the auto industry. When automobile production turns down, a drop is to be expected in synthetic fabrics. The trend in use of cotton has been down since 1950, but moderate gains are likely in the first half of 1956. Wool has scored a sizable gain from the 1954 low point, but no more than a mild increase is foreseen for woolen and worsted fabrics. The natural fibers have been losing popularity to the man-made products.

Shoe production this year is the highest in the postwar period, and a further gain is likely in 1956, but the long-range outlook is not too encouraging.

You can also see a shift in some basic materials. The coal industry is improving now but the outlook is rather dim for both bituminous and anthracite. Oil and gas, on the other hand, have been growing steadily and continued growth seems assured, barring a severe setback in general business activity.

Varied interests. Changes in growth patterns go far to explain why so many companies now are reaching out through mergers and expansions to diversify their lines. The idea is to enable them to keep abreast with the latest developments. Thus you see rubber companies going into chemicals and plastics, and even steel companies starting the production of plastic pipe.

For the investor, or the youth starting a career, the greatest opportunities appear to lie in industries where growth prospects are best.

How the nation's bankbooks reflect good times in America—page 68.

Why Ike Went Campaigning

New England Shows a Shift Toward Democrats

Republicans can use all the help they got from Ike in New England. A look at the election figures shows why.

It isn't the Republican stronghold often thought. The party slipped in 1954 in two key States —Maine and New Hampshire.

Ike's followers count on his popularity to stop any shift toward the Democrats. His trip was a party tonic for 1956.

A very practical reason, it now develops, lay behind the campaign swing of President Eisenhower through New England.

Before the trip, Republicans were worried about the strength Democrats had shown in that area. Not only had Maine elected a Democratic Governor, but the vote shifts toward Democrats in Maine, New Hampshire and Vermont congressional districts had surprised Republican leaders. See the chart on this page.

Since the trip, there is less worry among Republicans. They think Mr. Eisenhower may have solved the problem so far as 1956 is concerned.

Nevertheless, it is possible for Maine and New Hampshire voters to smack down local Republicans while voting for a Republican President.

Fickle voters? In 1932, Maine gave its electoral vote to Herbert Hoover and, at the same time, elected a Democratic Governor and two Democratic House members on the same ticket. That same year, New Hampshire voted for Mr. Hoover for President and elected a Democratic Senator and a Democratic House member.

No such powerful force as the depression of 1932 is expected by Republicans to be shaping the politics of 1956. But they see recent vote shifts in New England that are disturbing.

In the 1950 mid-term election, Republicans held their usual margins in New Hampshire and Maine. Only in the first district of Maine did they slide down to less than a 5 per cent majority.

These margins went up again in 1952, with Mr. Eisenhower heading the ticket. The Republican shock came in 1954.

Maine elected a Democratic Governor in 1954. In the three congressional districts of the State, the Republicans lost ground as compared to 1950, and in two of these the winning majorities eased down to less than 5 per cent.

In the two congressional districts of New Hampshire, the Republicans suffered percentage losses in 1954, compared to 1950. But only in the first district did danger emerge. There the Republican barely squeaked through with 50.2 per cent of the vote.

These shifts, when added to the election of Governor Edmund S. Muskie in Maine, sent Republicans to checking over what happened the last time a Democratic Governor was elected in that State.

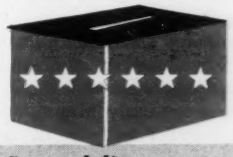
It started in 1932. The first sign of the changes to come showed up in the first district of New Hampshire. At a special election in January, 1932, to fill a vacancy caused by death, that district elected a Democrat.

And, in November, 1932, the big swing came. Not only did Maine elect a Democratic Governor and two Democratic House members, but New Hampshire re-elected its Democrat in the first district and elected a Democratic Senator. Only Vermont was unshaken during the New Deal years. The Democratic Governor in Maine and the Democratic House members in Maine and New Hampshire were re-elected in 1934.

Freakish turns. By 1936, the Democratic flurry had died in New England. Both Maine and New Hampshire elected Republican Governors and House members. New Hampshire's Democratic Senator went out in 1938. Oddly enough, however, while turning against the Democrats on the local level, New Hampshire voted for Franklin D. Roosevelt for President. Maine and Vermont were the only two States to vote for the Republican Alfred M. Landon, of Kansas.

It is this freakish disposition of New Englanders to go one way on the local level and another way in dealing with the top candidates that had Republicans worried. This was what caused Mr. Eisenhower to pack up and go to New England.

HOW REPUBLICANS SLIPPED IN NEW ENGLAND



In the last two mid-term elections, Republican candidates for House seats got these percentages of the total vote:

CONGRESSIONAL DISTRICT		1950	1954
VERMONT	AT LARGE	73.4%	61.4%
NEW HAMPSHIRE	FIRST	57.5%	50.2%
	SECOND	64.5%	60.4%
MAINE	FIRST	54.0%	52.1%
	SECOND	57.7%	54.0%
	THIRD	62.9%	60.5%

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"COLD WAR" HEATS UP AGAIN

Why Reds Down Planes in "Peace Offensive"

Red pilots are heating up the "cold war." They act as though they're daring the U. S. to fight or get shot out of the air.

It doesn't fit in with the Communist "peace offensive"—or does it? Is Molotov or the military calling the signals?

Here, from Allied experts, is the story of the war of nerves behind the Communist attack on U. S. aircraft in the Pacific.

Reported from
WASHINGTON and TOKYO

Communists, talking peace, suddenly are shooting things up again and deliberately challenging the U. S. in the Pacific.

Within the space of a relatively few hours Soviet airmen shot down a U. S. patrol plane off the Alaskan coast, and Red warplanes renewed their attacks on Nationalist Chinese aircraft in the Formosa Strait. Around the offshore islands of Quemoy and Matsu, the Chinese Communists show signs of breaking an informal cease-fire that has been operating there since early May.

A careful canvass of Allied military commanders and intelligence experts brings out the real story of the unexpected flare-up in the "cold war," and what is behind it. You get their appraisal in the following answers to questions.

Does this mean a big war is closer?

Probably not.

What is happening now is standard operating procedure for the Reds in the cold war. Time after time, when Communist diplomats have been talking about "peaceful coexistence," Communist military commanders have bared their teeth at the U. S. and its allies.

What's the idea?

Two ideas, really. First, they know from experience that they can get away with it. Second, they think they can convince the rest of the world that when they offer to talk peace they are leading from strength, not weakness.

Did they have a reason to shoot? Was the American plane "spying" on the Russians?

No. You heard reports that a Soviet fleet was operating in the vicinity and that the Russian planes were protecting that fleet from snoopers. But the American plane actually was on a routine patrol flight—a flight that has been made twice a week for about a year.

The Soviet commanders knew the plane would be where it was. That flight is a "milk run," so routine you could almost set your watch by it. Another thing: The Soviet planes weren't hovering over Red Navy units. They came right off the Russian mainland.

Was the American plane over Russian waters?

No. The Soviets claim jurisdiction over the seas for a distance of 12 miles off their coasts. Secretary of State John Foster Dulles has made it clear we don't recognize that 12-mile limit, and they know we don't. But, even if we did, our plane wouldn't have been over Russian waters.

Was the attack deliberately planned?

The U. S. Government does not think the shooting was deliberately planned at a high level by the Communists. This is what President Eisenhower told his news conference on June 29:

"I am sure it was a local occurrence and not something that was directed as a matter of policy.

"Now, weather conditions were not good. There was a cloud cover, and there were other things in it that made it look like it was a—at least local, and part of it, misunderstanding.

"It was, I think, very encouraging to note that in this incident, at least, there was a different attitude taken by the Soviets than they ever had in a similar one before."

What about the plane shooting in the Formosa Strait?

Shooting guns around there is risky. The Chinese Communists insist they are

—Wide World

U. S. PLANE SHOT DOWN BY RUSSIANS

—Hesse in the St. Louis Globe-Democrat

"COEXISTENCE IS DANGEROUS"

Shootings that once would have started a war now are dismissed as incidents

willing to negotiate that situation "peacefully." But if they keep shooting at Chiang Kai-shek's planes, the Nationalists will start shooting back—and there goes the "cease-fire."

Also, if those Communist planes get too eager, they might find themselves over Formosa—and that could get them into a war with the U. S.

Then what is the explanation?

This again is explained by the trained observers as standard operating procedure for the Chinese Communists, to make a demonstration of force before entering into negotiations. In Korea and Indo-China they arranged a show of strength on the eve of peace negotiations, to bolster their bargaining position. Now, as they approach negotiations with the U. S. regarding the Formosa Strait, they're pulling the same stunt.

What are they trying to prove?

Well, they're trying to prove their continued determination to "liberate" Quemoy and Matsu, for one thing.

When it comes to renewing air attacks, one explanation is that the Chinese Communists now are telling the whole world what U. S. military men have known for some time—that the Reds have the capability by air, ground and sea to attack the offshore islands with a reasonable assurance of success against Chiang Kai-shek.

They have built up their mainland air bases to a point where they can get fighter support now, as well as bomber strength, for an attack against Matsu and Quemoy. They probably hope to convince the United States that the offshore islands are indefensible and worthless bargaining pawns in any cease-fire negotiations.

And they'll risk a war to do that?

The answer you get is that they don't think they're risking war—a big war, that is.

Remember, the Chinese Communists learned a couple of things at the Bandung Conference in Indonesia last spring. They learned that other Asian countries are afraid of the Reds' aggressiveness and don't trust them. So they're not going to get into a war with the U. S. if they can help it now and run a chance of losing any good will they happen to have in Asia.

On the other hand, they learned that most of their neighbors—most of the West, too, for that matter—are on their side and against the Nationalists so far as the offshore islands are concerned. So they feel reasonably safe in shooting up the air around there. They are gambling they can bluff their way into possession of the islands without a big fight.

Doesn't something like that frighten other people in Asia?

No, these incidents don't scare people any more. This is the way one editor of a Japanese newspaper in Tokyo puts it, and he knows the Japanese people:

"In the past, we were afraid there might be war after the Communists shot down an American plane. But war didn't come. Now we are not afraid that incidents like these will turn into anything dangerous."

And a Japanese Foreign Ministry spokesman dismisses the whole affair this way:

"We are too busy with more important matters."

On this shooting business, is there any connection between the Alaskan and Formosan incidents?

There could be. Strange as it may seem to Americans, this show of Communist defiance can be fitted right into the Communist "peace offensive." **Even** the shooting off Alaska was, as Mr. Eisenhower says, a "local occurrence." A former Japanese general who knows a lot about the Communists' military strategy says it is typical for them to precipitate a shooting incident if that seems necessary to convince the world that they are strong. This is his size-up:

"The Soviets are pursuing a soft policy in Europe, where they have accepted an Austrian peace treaty, made concessions to Yugoslavia and agreed to Allied terms for the Big Four talks. The way they reason, if they keep this up the idea might get around that they're very weak. They can't afford that.

"So they're making a show of strength in the East—both off Alaska and Formosa—to try to convince the free world that Communist military preparedness is not being neglected, despite the peace overtures in Europe. They don't want anybody to interpret their conciliatory attitude on one front as a show of general weakness."

Then what is happening now is not a change of Communist policy?

No. It's as old as the hills for them—to talk tender and act tough. They haven't changed. They still want to run the whole world. But they're not ready to fight for it. They don't want a "hot war" now; and they really need an easing up in the cold war, but they can't afford to show it too plainly.

What they're fighting now is a war of nerves—that's the answer you get from those whose job it is to figure out what the Communists are up to.

—Maples in the Fort Worth Star-Telegram

"THE OTHER SIDE"

—Dowling in the New York Herald Tribune

"NOAH'S DOVE, AND ETC."

—Seibel in the Richmond Times Dispatch

"HOW PEACE-LOVING I AM"

Along with talk of peace, there's frequently a show of force

What to Do About Brain Washing

Services Differ on How Much Prisoners Should Tell

New techniques of torture, devised by Communists, are forcing U. S. armed services to re-examine an old question: What should a prisoner tell the enemy?

The rule has been: "Tell them nothing." But, in the Korean war, a few strong men broke under Red brain washing.

So a policy board is now seeking a new code. The problem: What code can withstand torture?

If war comes again, some American soldiers and fliers are almost certain to be captured by Communist enemies. How should those Americans conduct themselves in prison? Should they tell what they know or even make false "confessions"? Or should they tell only name, rank and serial number and risk brain washing or death?

The armed forces right now are trying to find answers to these and other questions that Americans faced only after they learned what happened in Korean prisoner-of-war camps. Secretary of Defense Charles E. Wilson turned the matter over to 10 men—half military officers, half civilian officials—and wants them to find, for the U. S. captive of the future, a "simple, easily understood code to govern his conduct while a prisoner of war."

Split. It is very probable that these men will come up with different answers. The different services are divided over what the code should be.

The Army and Marines incline to stand by existing regulations—tell nothing, accept torture or death if necessary. These services have a tag for their standard: the Spartan code.

In the Air Force, on the other hand, the dominant view is that no man can withstand the ultimate in Communist tortures. Consequently, airmen think, fliers should save themselves by talking if they can, and, as highly skilled fighting men, should try to stay alive.

Even now, before the policy board decides whether to favor a change in the code of conduct for men captured by Communists, the contrasting attitudes of the services are being applied.

Cpl. Harold M. Dunn, a soldier captured in Korea, has just been sentenced by court-martial to eight years in prison for co-operating with the enemy. He is the seventh soldier to undergo punishment by court-martial, and 79 others are either awaiting trial or undergoing further investigation.

The story in the Air Force was far different. Of 83 air captives investigated for reported misconduct, many were found to have aided the Communists' biggest propaganda campaign by falsely "confessing" to dropping germ bombs. Of these, 27 were cleared summarily, some others after further hearings. The only punishment was to put 10 men out of the Air Force—7 by resignation, 3 by honorable discharge.

Heroes. Actually, in perspective, the record of Americans captured in the Korean war is rather impressive.

As the chart on page 25 shows, 7,139 men were captured. Of these, more than one third were shot in the head, killed on death marches, tortured, frozen or starved until they died, or died of diseases endemic amidst the filth of Communist prisons while resisting inhuman pressures to "co-operate."

Out of 3,745 military prisoners sent back by Communists after the cease-fire agreement, fewer than 1 in 11 were suspected of wrongdoing and more than half of those suspected were cleared.

In the records spread before the present policy board are those of many men who resisted brutality, did not take even the easy step of signing a bogus Communist "peace petition." Of these, 57 have been decorated for outstanding bravery in prison camps.

Any new rules for prison conduct will be designed for American fighting men only. They will not be submitted to any international body for approval.

Today's rules. An international code for treatment of prisoners of war already exists in the Geneva Convention. Under the Geneva rules, prisoners are supposed to be fed, housed and fairly treated, cannot be forced to tell more than their name, rank, serial number and place of birth. Communists ignore this code.

—Eastfoto

AMERICANS CAPTURED BY COMMUNISTS
. . . "a simple, easily understood code"?

Communist methods stem from experiments by a Russian physiologist, Ivan Petrovich Pavlov, who lived until 1936. Pavlov found, by experiments with dogs, that a pattern of punishments and rewards can change brain responses. Animals could be conditioned to respond in the way he wanted.

Soviet leaders applied these methods to people. Once-tough generals babbled public confessions in Moscow purge trials. Even a Cardinal of the Roman Catholic Church was broken down. Americans realized what was happening only when these methods broke Americans in Korea and when the Chinese Communists applied a handy title—brain washing.

What brain washing means was well illustrated in the case of Marine Col. Frank H. Schwable, who signed a false

germ-warfare "confession." A Marine court of inquiry found he had been subjected to mental and physical torture so great that one of three things had to happen:

The Colonel's will would be broken, he would go insane, or he would die.

It is conceded by most men in the service that Communist torture methods, if applied long enough, will break the mind of any man—or kill him.

Sign anything? One suggestion before the board is to tell U. S. fighting men that if they are captured they should say anything or sign anything—and notify the world in advance that this is a U. S. policy. The idea is to make confessions valueless.

Critics answer that the first few men who signed might well be shot for "crimes" that they so blithely but falsely admitted. Then fellow prisoners would be right back where they started from.

Men in the ground forces are strong for continuing the Spartan "no talk" rule. A soldier, they say, must be prepared to die in battle; if captured, he must continue to fight through silence before enemy interrogators. Any little piece of information that a prisoner lets slip may finish the mosaic of an enemy intelligence problem.

One who backs this code is Maj. Gen. William F. Dean, who won the Congressional Medal of Honor for fighting in the front lines with his men early in the Korean war. While in the lines, he was captured. After long torture, he weakened. Yet he says that even though he could not live fully up to the code, it "should remain in effect because there must be a line, and to put another line, that is not going to be the stopping place, either."

A well-known Air Force pilot, however, pictures himself, in a possible war, being shot down on a bombing mission over the Soviet Union. He feels he must steel himself against brain washing, and that is bad enough; it is even worse to have to count on defending himself in a court-martial.

If General Dean and Colonel Schwable broke, he asks, what can be expected of less courageous men?

He expresses a general Air Force view: A pilot rarely knows anything of a war's tactics beyond the mission he is on. If he is caught, the mission is finished. Let him talk about it.

All these things, including the difference between the missions of various services, are going into the first serious American consideration of how to resist the tortures of a new kind of enemy. It may result in the "simple, easily understood code" that Mr. Wilson wants. But, to any future American captive, no rule is likely to seem simple to carry out.

HOW MANY AMERICAN TURNCOATS?

1,600,000 AMERICANS SERVED IN KOREAN WAR

Out of 7,139 WHO WERE CAPTURED—

2,701 were shot, starved or tortured to death, or died of disease, while prisoners

672 escaped or were liberated by Americans

21 stayed with Communists

3,745 were returned in prisoner exchanges

Out of 3,745 HANDED BACK BY THE COMMUNISTS—

3,440 were cleared or praised for conduct in prison camps

305 were suspected of wrongdoing in prison camps

Out of 305 WHO WERE SUSPECTED—

163 were exonerated and either stayed in service or were honorably discharged

1 was acquitted by court-martial

24 were given general discharges

31 were given undesirable discharges

79 are being investigated further or are awaiting trial

7 have been sentenced by courts-martial

Source: Defense Department

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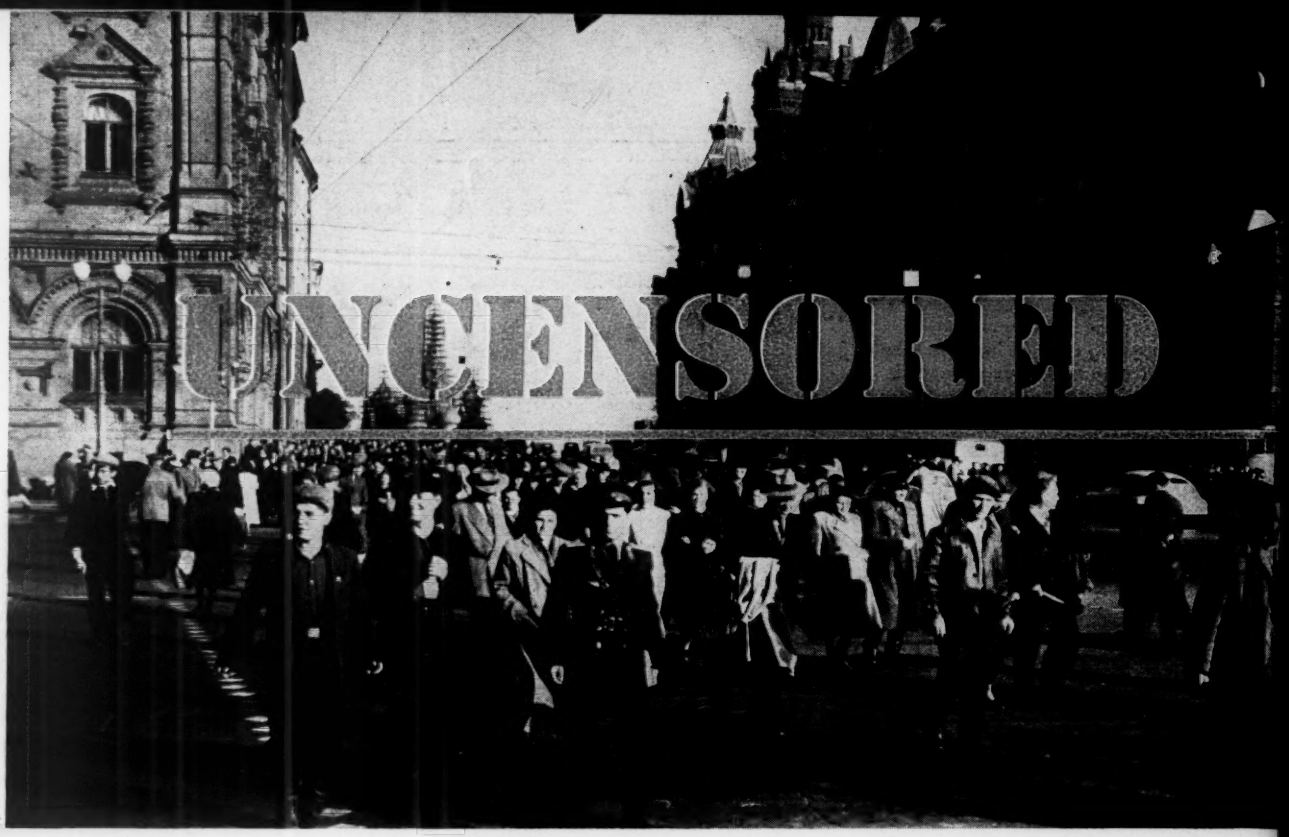


What is life really like inside the Soviet Union? How do the people eat and dress? What kind of homes do they live in? What do they think about the United States—and about their own Government? Do they like Communism? Do they want war?

Here are answers to these and countless other questions that are being asked by many people about that Communist country that so few Westerners ever get to see.

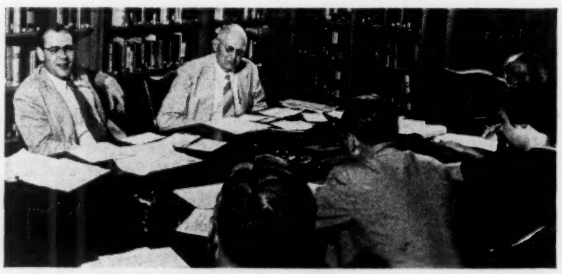
The answers are provided by two Americans who have just returned from a month of travel through the Soviet Union. They visited not only the large cities—Moscow, Leningrad, Stalingrad, Kiev, Rostov and Kharkov—but also went into the farming areas. They traveled by rail, air, highway and even by river boat. They got out among the people and talked with them — freely, without official escort or interference.

These two travelers have unusual qualifications for accurate observation and perceptive reporting. Dr. Homer L. Dodge, 67, is a scientist and an educator. He spent 25 years on the faculty of the University of Oklahoma, was later president of Norwich University in Northfield, Vt. He has traveled widely in Europe and the Orient.

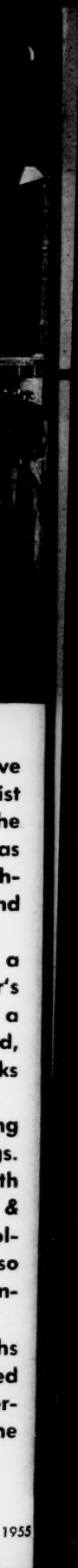
Norton T. Dodge, his 28-year-old son, a graduate of Cornell University, has a master's degree from Harvard University, is now a graduate student in economics at Harvard, specializing in Soviet economics. He speaks Russian fluently.

The Dodges traveled together, co-ordinating their observations and pooling their findings. In the interview with editors of *U. S. News & World Report* which follows, the Dodges also have pooled their answers.

All the photographs of Russian scenes used in illustrating this interview were taken by the Dodges.



Norton and Homer Dodge are interviewed in the conference room of *U. S. News & World Report*



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The Real Story of RUSSIA

Exclusive Eyewitness Account By Dr. Homer Dodge and Norton Dodge

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Q What broad impression does a visitor get from an extended stay in Russia? Do you get the impression of a highly advanced, highly developed, thoroughly civilized nation comparable to the nations of the West?

A One gets two contradictory impressions. There are two different Russias—the modern Russia, with well-equipped, highly developed industry—the Russia that produces automobiles, airplanes, tanks and atom bombs. And then there's the other Russia, the backward Russia of the consumer with its primitive standard of living, its bourgeois tastes and inefficient way of doing things.

Q This isn't the difference between country and city, is it?

A No. You can see both Russias in a city such as Moscow. In the center of the city you'll find new modern office and apartment buildings, but as soon as you step through a courtyard doorway, behind the façade you're back in a rabbit warren of old houses which have been there for centuries.

Q Did you have a chance to talk with many Russians?

A Traveling as tourists—just the two of us, and not as a delegation—meant that we had our time pretty much to ourselves. We were not marshaled around from morning till night. We were not given the red-carpet treatment.

Q Were you followed?

A As far as we know, only on one occasion, when we were out walking in the evening.

Q Were the Russians friendly?

A Yes, almost invariably. But they are allergic to photography. Whenever we started to photograph something of which they weren't proud—a line-up at a food store, an old house, a battered church, or simply a collective-farm market—someone was sure to cause trouble.

Q How were you able to meet people?

A Being free to do more or less as we pleased, except when visits to factories, educational institutions or the like were arranged, it was possible to meet people informally in restaurants, in parks, at the theater, on trains, in a variety of ways. Outside a school, for example, where we were taking pictures during a recess, we were surrounded by 20 or 30 youngsters curious to know where we were from, what we were doing, and how we liked Russia. We chatted with them for the rest of the recess.

On the whole, we met a very friendly reception from the Russian people. They were very curious about us and about life in America—whether things were good here or not.

Q What seemed to be their preconceived notions about us?

A They are told that capitalism survives only by exploitation of the worker and with the artificial stimulation of arms production. They are told that the standard of living of the average citizen in the West is lower than their own. They are told that America is aggressively bent on world domination. But they asked their questions in such a way that we felt that many doubted that the situation is as bad as they are told.

A typical lead-off question was: "How are things in Amer-

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. . . "Students blame our 'aggressive' policies on our Government—and on 'rich American capitalists' "

ica—good?" We would reply that things are quite good. They might nod their heads as if a suspicion were confirmed. They might then inquire whether there is unemployment in the United States.

We would tell them that at present anyone who wants a job can find one. Usually they would accept that, but some more thoroughly indoctrinated person might say, "Well, you have full employment because of all your military spending." Usually several in the group would argue the party line. This was particularly true with students who, as a whole, seemed well indoctrinated.

Q Did anybody call you "warmongers"?

A Not personally, no. When we asked a group of students if they believed Americans to be warmongers, they answered with a sincere chorus of "No's." They blame our "aggressive" policies on our Government—and on "rich American capitalists."

Q They did regard our policies as aggressive?

A Yes. They would want to know why we were building bases all around Russia, why we had invaded North Korea, why we are supporting Chiang Kai-shek, and why we want war. Some of the exchanges were quite lively—no hard feeling, though.

Q Did they assume we wanted war?

A The Government—not the American people. They do not consider our Government representative of the American people. This idea has been carefully cultivated by their press.

It is an interesting thing that, although they are firmly convinced South Korea attacked North Korea, in four or five exchanges with students and others on this point, none of them raised the question of our use of germ warfare. Our interpretation is that they did not raise this question because they are not really convinced of it.

Q Do you think they didn't want to offend you by bringing it up?

A No, they don't pull punches. The fact that they did not make the accusation shows that there are still some things they are not prepared to believe.

Q About how many people did you talk with in Russia?

A Close to 100 individually—several hundred if those in groups are included.

"STUDENTS SOUGHT US OUT"—

Q Did you talk to classes in the universities?

A No, although members of sponsored delegations are often asked to lecture. We were told by one foreign professor that after his address he was profusely thanked, according to the official interpretation. However, a Russian-speaking member of the delegation told him later that the Soviet professors followed their profuse thanks and complimentary remarks by explanations to the audience that the position taken by the speaker was entirely wrong—it did not fit accepted ideology.

Q But you did get a chance to talk with groups of students?

A Yes, on a number of occasions the students sought us out.

For instance, at Kharkov University we were being shown around their new building by the rector and a couple of deans. We were down in the basement looking at their cooking facilities when 10 or 15 students came storming in—they were students of English preparing to be teachers. In Russia they have no opportunity to hear English spoken by a native, so they were very anxious to hear us talk.

Q What kind of accent do they have in their English?

A It's largely a Russian accent, I'm afraid. Their language training is not on a par with the teaching you find in other European countries. This lack of contact with native speakers is a real handicap. As a result, a student may be able to read easily but have difficulty speaking properly. The Kharkov students wanted us to make a recording for them so that they could listen to it and practice.

Q Were they willing to discuss internal political questions, or only foreign policy?

HOMER AND NORTON DODGE
"We were not given the red-carpet treatment"

A In the group discussions we tended to steer clear of internal problems, but with individuals we did raise some questions about internal politics. For example, we got into quite an interesting discussion with a young man and a professor about the William Randolph Hearst report of his visit to Russia which appeared in *U. S. News & World Report* [issue of March 11, 1955]. This young man reads *U. S. News & World Report* occasionally and considers it a very useful magazine.

Q How does he get hold of it?

A A number of research institutions in Moscow have rather complete selections of foreign newspapers, magazines and professional journals. The professor asked what Mr. Hearst had said. The young man replied that Hearst said that

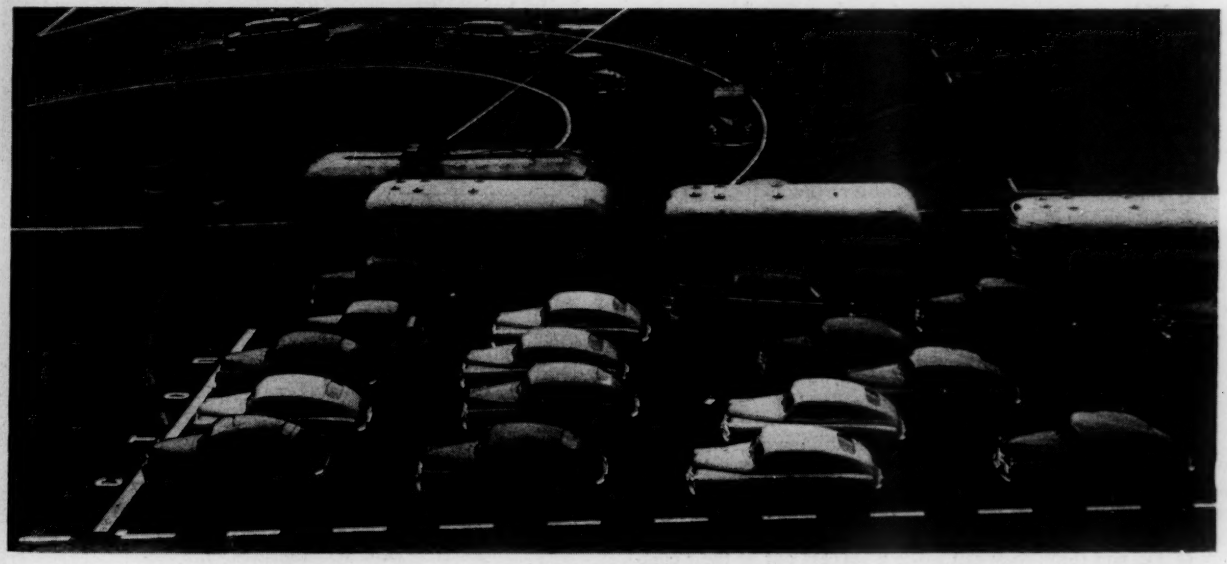
(Continued on page 30)

THE RUSSIANS . . . SOME CANDID VIEWS

Three policemen, wearing Army-type uniforms, stop to chat at a corner

Farmers gawk at city store window

Schoolgirls giggle at sight of foreigners



This traffic, seen from a Moscow hotel window, is heavy by Soviet standards

. . . "A number of students probably listen to foreign broadcasts because of the lure of the forbidden and unknown"

Khrushchev was the party boss and Bulganin just a front man. This disturbed the professor, who said that he did not agree that Bulganin was a front man.

We asked if it were not true that Khrushchev was the Party Secretary and that Stalin had been Party Secretary. The professor said it was an entirely different situation now. We then asked if it weren't true that Malenkov had been Premier like Bulganin and that he had been deposed. At this point the professor changed the subject.

It may be that this conversation shows that it is no more fruitful to discuss the internal politics of the Presidium in Moscow than in Washington or New York. Further conversation with the young man showed that he accepted the official version of why Malenkov stepped down, claiming that he didn't believe that Malenkov was capable of handling the complex administrative problems he faced. We scoffed at this, saying that someone of the age of Malenkov, with the vast experience he had during the war period, could scarcely be claimed to be inexperienced.

Then the young man made a point, which is perhaps valid, namely, that Malenkov had been Stalin's right-hand man and assistant, and that this is not quite the same as being an independent boss, whereas Mr. Khrushchev, being the Ukrainian party chief, had operated more independently and had broader administrative experience. He felt that Khrushchev was better fitted to handle things and that Khrushchev and not Bulganin was head man.

PARTY ROLE IN GOVERNMENT—

Q What did this young man think about the role of the Communist Party in the Soviet Government?

A He accepts the party's leading role in the Government without question. He sees no point in other parties.

Q Did you find people generally accepting the official line on politics?

A That was our impression.

Q Did you discuss any of Khrushchev's policies?

A We asked the young man whether he thought Khrushchev was getting off into deep water with his new-lands program to bring large areas of waste land under cultivation. The young fellow thought the new lands had turned out to be quite a success, and referred, of course, to last summer, when the new lands produced a fairly good crop at the time the Ukrainian wheat crop failed.

Q Was that true?

A Yes, the new lands did help compensate for the failure in the Ukraine.

Q How serious were those losses?

A Quite serious—no one knows how serious.

Q Is there any sign they are having trouble again this year?

A They've had a very late spring in European Russia this year, about a month later than usual. The winter was mild and long. The land down around Rostov already looked quite parched—so, if they don't get rain—

Q Were the crops in?

A They had planted the wheat already; we couldn't tell about corn—Khrushchev's corn campaign has been lagging, according to the newspapers. Flying over the region, we didn't see any signs of silos being prepared, so we don't know what they'll do with the crop.

Q Do you think they can make a success out of their campaign to grow more corn?

A The peasants aren't offered any proper incentives to go into corn production. They can get more immediate returns by sticking to wheat or sugar beets. The corn project is risky.

In the long run it may produce more meat, but it will take time to convert the silage to meat and a longer time before the peasants realize a return on it.

Q Did you talk to anyone who has heard the Voice of America?

A A number of people we asked about this had heard the Voice of America.

Q Were they impressed by it?

A Most of them dismissed it as propaganda. Some seemed to find BBC [British Broadcasting Corporation] more palatable. They would listen to BBC's straight news broadcast—in English.

Q They didn't think BBC news was propaganda?

A Undoubtedly they felt that it was slanted, but they didn't feel that it was directed at them with the intention of subverting their Government.

Q Is 't forbidden to listen to these foreign broadcasts?

A We don't know of any specific legal prohibition, although any such activity would be considered suspect. A number of students probably listen because of the lure of the forbidden and unknown.

Q Are the foreign broadcasts jammed?

A In Moscow, the Russian-language broadcasts are jammed. But the English-language broadcasts come through.

FOR SOVIET WORKERS . . .
". . . a system of incentives and compulsions"

. . . "If Voice of America and Radio Liberation are to appeal to the people who are most likely to hear them, they must devise programs that will appeal to the most thoroughly indoctrinated sector of Soviet society"

Outside Moscow, though, one can hear both the Russian and English-language broadcasts. Radio Liberation, which broadcasts in Russian and languages of Soviet minority groups, can be heard only outside Moscow.

Q Does the Voice of America have any effect?

A It's difficult to say. It seemed to have very little effect on the people we spoke to. These were largely people in a favored position—students and young people who will enter the upper classes. Unfortunately, the classes that suffer the most under the regime and to whom the Voice of America and Radio Liberation should make the strongest appeal are the least able to listen. They lack the short-wave sets.

This situation poses a tough problem.

If Voice of America and Radio Liberation are to appeal to the people who are most likely to hear them, they must devise programs that will appeal to the most thoroughly indoctrinated sector of Soviet society.

Q The Communist regime must be satisfying some groups, then?

A Yes, the upper classes.

Q Would they be the upper 10 per cent or so?

A Yes. These people don't identify themselves with the peasant or the rank-and-file worker. They have to be appealed to in a different way—in terms of their own grievances and in the light of their role in the system.

We can hope that, with the spread of education, a new class of intelligentsia will develop which will chafe under the political controls and leadership of the regime in power. Situations may develop where they will feel a conflict between what they consider to be for the best interests of Russia and their loyalty to the regime. But, after talking with members of this new intelligentsia, we are not optimistic.

Q A program to reach these people would have to be carefully worked out?

A Yes, and it requires a much better understanding of the psychology of the upper-middle-class Russians than we have now.

Q Do you think a straight news broadcast would be better than trying to tell them what we think the news means?

A We need both.

Q Do they listen to American music? Do they like it?

A We met young Russians who listened to American jazz and other music. Most of the young people with whom we talked about American jazz had heard it—they knew what it was. They said they liked some, but they didn't like all of it. We did run into one or two young people who were real devotees and knew some of the latest tunes and some of the more popular people, here, like Nat King Cole and Dave Brubeck.

Q Do they dance their Russian folk dances?

A There were some native dances as part of the May Day celebrations, some dancing on the streets. In the evening some fellows started playing accordions and a group of people gathered around and began to dance—mostly a type of polka. Sometimes men and women, sometimes two women or two men.

Q Many drunks?

A One sees surprisingly few; the police pick them up.

DRUNKENNESS "CUT DOWN"—

Q When you say they danced in the streets, I was wondering whether many of them were under the influence of alcohol.

A Perhaps a little. But they seem to have cut down on their problem of drunkenness considerably.

Q Do they have pubs where you can go in and buy vodka?

A They have closed down their so-called "cocktail halls" where their own version of juvenile delinquents were hanging out last year, but one can still drink in restaurants or beer parlors.

Q So Russia has its problems with juvenile delinquency, too?

A Yes. There were young people, many of them from the families in the upper crust, who were living a rather indolent and unproductive life, causing trouble, getting drunk, committing petty thievery and the like.

But the Russians have cracked down on them. The underlying causes probably still exist, but the problem was never the dimension of ours. In a police state, the kids don't have much chance to run around in gangs with "zip" guns [homemade pistols].

(Continued on next page)

How Incomes Vary in U.S.S.R.'s "Classless" Society

Some sample weekly wages in rubles:

(Official exchange rate: 4 rubles to $1. Actual value of ruble: about 12 to $1.)

Kindergarten teacher	104
Woman street cleaner	115
Sales girl	115
Unskilled worker	138
Secretary	185
Chauffeur	185
Taxi driver (including tips)	254
Construction worker (including bonus)	254
Experienced high-school teacher	300
Experienced doctor	323
Skilled mechanic	346
Factory foreman	392
Young engineer (including bonus)	392
Skilled instrument maker	462
Experienced engineer (including bonus)	577
Head buyer in large plant (including bonus)	738
Department-store manager	808
Professor	1,385
Dean of college	2,077
Manager of large plant (including bonus)	2,769

Source: Data collected inside U.S.S.R. by Dr. Homer Dodge and Norton Dodge in May, 1955.

. . . A young Russian: "The trouble with this country is you can be put in jail just for saying something. In your country you have to do something"

Q How do they control liquor? Can you buy liquor by the bottle?

A You can walk into a food store and pick up a bottle of vodka at the liquor counter.

Q Was there much purchasing of liquor?

A There was a fairly brisk business, particularly around May Day.

CRITICS OF THE REGIME—

Q Did you encounter any persons critical of the regime?

A Yes, we met people who were not only critical but also obviously anti-regime. One day at lunch a young Russian sat with us and mentioned that he listened to American jazz and the Voice of America. The talk developed along rather innocent lines and he opened up more and more. When we asked him where he wanted to work when he got through with his studies, he said: "Moscow would be nice, Leningrad would be nicer, Riga would be still nicer, but best of all would be the United States." Then he added:

"You know, the trouble with this country is that you can be put in jail just for saying something. In your country you have to do something. You have to steal something or kill a man. They can't put you in jail for just saying something. But here all you have to do is to say something."

Q Didn't this young man seem afraid of being overheard?

A In this dining room were a group of Chinese sitting at the next table, with professional glad-handers, a few feet away. To our amazement the young man proceeded to dictate an anti-Communist song sung in the prison camps, saying that if he should sing it in the restaurant he "would get 20 years."

Q What was the gist of the song?

A It's sung to the tune of one of their Air Force songs and runs something like this: "They are taking us from the capital, three young, gay lads, before we have had time to fall in love. But we are not afraid of the camps and the shackles. The Chekists [secret police] will never break us. We have only to outlast Communism and then we can go back to our native Moscow."

The parting words of this amazing young man were: "I send my good luck to your country."

Q Did you meet any other critics of the regime?

A On another occasion we picked up a cab. The driver asked where we were from, and when we replied, "The United States," he said: "Do you people expect another war?"

We replied, "We certainly hope not. We don't want another war, but Americans are afraid your Government does. Probably you think our Government does."

"That's only in the papers," was his reply. "I don't believe it. The newspapers print a lot of rubbish."

When we asked him how many feel the same way, he said: "No one believes the papers. We get the same old propaganda at meetings, on the radio and in speeches—it's all the same and it's all false. Now we hear we're going to grow corn like America. But it's for animals. You can't feed silage to people."

He then went on to criticize the renewed emphasis on heavy industry. All this came out in a torrent of words.

Q Was he a young man?

A He was about 35. He deposited us in front of the hotel, we said "Good-by," and that was the last we saw of him—and of course he was perfectly safe.

Q Do you think the way these two fellows felt was in any way typical of most Russians?

A No. The first young man himself said there weren't many who felt the way he did. There are always a few nonconformists among students—even in Russia. We also think the propaganda in the newspapers and elsewhere is more effective than the taxi driver believes. An unvarying diet of Soviet newspapers with no conflicting news can't fail to have a powerful effect on the average Russian over the years.

Q Are the Russians friendly people? Do they visit one another?

A They are quite social among themselves and get together from time to time, but it is more likely to be for tea, rather than for dinner, because of the crowded conditions for cooking.

Q What do the people talk about? What is on their minds? What are the main topics of conversation?

A Most of the talk is of the same sort of small talk which you find in this or other countries—about when they might be able to acquire a new radio or television set, a new dress or suit, a bigger apartment, or even an automobile—the ordinary problems of everyday living.

Q Is war on their minds?

A War is something that is never absent from their consciousness, in large part because of the terrible destruction of the last war. You see evidences everywhere in the areas that were occupied by the Germans. Few families came through the war without some member being killed or wounded.

Q Did you see civilian-defense signs around pointing to air-raid shelters and so on?

A There were no indications of air-raid shelters in any of the cities we visited.

Q Is there any talk of the atom bomb among Russian people?

A We don't think that there is nearly as much worry about the atom bomb as in this country. They tend to equate the atom bombs with the sort of destruction which they suffered in the last war. They suffered enough then so that the effects of the atom bomb don't need to be dwelt on to make them fearful of the results of another war.

Q Then you think that the Russian people themselves want peace—not war?

A We were talking with a kindly woman selling ice cream in Kiev, and our conversation ended with her saying: "Please send to the people in your country the word of a simple ice-cream seller that the Russian people want peace."

If most Russians feel the way she does, and we think they do, it will be very difficult for the Soviet Government to steel them to face another war, particularly an aggressive war. As long as others fight their battles, there is no problem for the Government, but they may be victims of their own propaganda if they undertake aggression themselves.

"POPULAR REVOLT? NO"—

Q Do you think there is a lot of dissatisfaction with the system, among the people?

A One must make a distinction between dissatisfaction and disaffection. There is undoubtedly a strong undercurrent of dissatisfaction in Russia. We know the peasants don't like the way the collective-farm system operates. The taxi driver

voiced a general dissatisfaction with the low standards of living and the young man expressed the widespread resentment of arbitrary police controls.

But dissatisfaction of this sort don't necessarily add up to disaffection. Actually, the resentments are directed more toward the regime in power and its policies than toward the system itself. We found general approval of state ownership, economic planning, socialized medicine, the school system, etc.

Q Do you think there is a possibility of revolt?

A Another shake-up at the top is not out of the question, but as for a popular revolt—no. With the existing system of police controls it could never be successfully organized. Few would want to take the risk of trying it.

NEW CLASS DISTINCTIONS—

Q Did you notice any class distinctions in Russia?

A Very definitely. A differentiated social pyramid has emerged in the last 25 years, with the peasantry and the unskilled workers on the bottom and a new elite at the top—with their higher salaries, special privileges and so forth.

An old worker we spoke to summed up the situation very well. We asked him, "How are things in Russia?" He replied, "For some people it's good, for some people it's bad, just like before the Revolution."

Q Do the elite get automobiles?

A At present those with sufficient money and the patience to wait are able to get automobiles. Factory managers and high officials are provided with automobiles.

Q Are the classes flexible—can you move from one to another?

A It's possible to move from class to class—although there are some difficulties, especially for the peasant class. At present, class mobility is based to a very large extent on educational qualifications. Many peasants have not been able to get more than four to seven years of schooling, which does not enable them to enter the higher educational institutions.

Q Can they get more now?

A According to present plans, 10 years of schooling—this brings the pupil up to where he can qualify for higher educational institutions—will become universally available throughout Russia in the next few years.

Q They aren't there yet, though?

A No, but they are planning to get there by 1960.

Q Then a peasant boy can't go to a university to become a scientist or an engineer, unless he first goes to a 10-year school?

A Normally, no. At present, if there is no 10-year school where he lives, he might go to the last three years of a school located in a larger center.

Q Can a peasant leave the farm if he wishes? Or does he have to get a permit to leave?

A No, he could leave if the family could spare him, but a young peasant can be put to work at the age of 12 and, since living standards are rather low among the peasantry, the family might not feel they could spare the boy to go on to school.

Q Then there is child labor?

A On the farms there is. Of course, in many countries the children help out on the farm.

Q Is there an age minimum for factory workers?

A The factory age minimum is 16.

Q Do they still discriminate against children of the bourgeois?

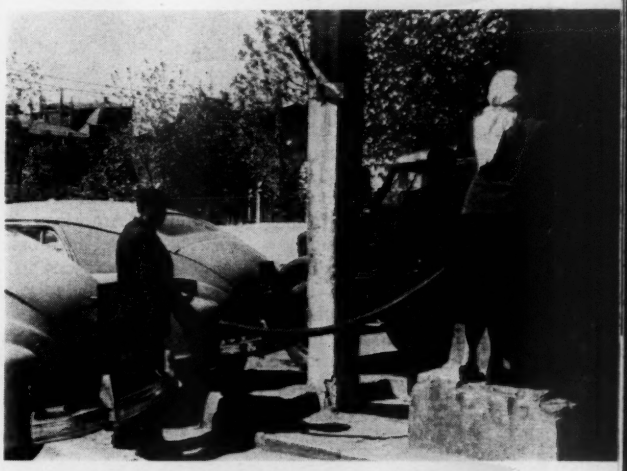
A In theory, no. Of course, there are not many children of the bourgeois left at present—they are now grown up.

Q Is it a good thing to have a working-class father? Wasn't that once considered to your advantage?

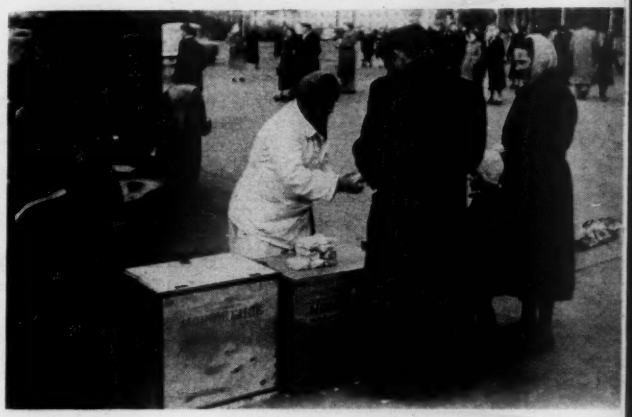
(Continued on page 104)

THE WOMEN OF RUSSIA . . .

THERE IS RUBBLE TO BE CLEARED AWAY . . .



. . . WORK IN THE CITY'S GAS STATIONS . . .



. . . OR A JOB AS AN ICE-CREAM VENDOR

BETTER SPIES FOR U.S. NEEDED?

Investigators Say Yes: Too Many Frills, Too Few Results

How good are American spies? Would another "sneak attack" catch the U. S. unawares? Do we know what Moscow is up to?

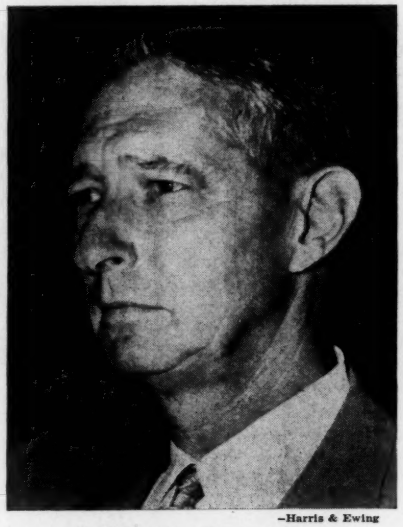
A secret study of vital, super-secret services finds plenty wrong with U. S. intelligence—too much cloak-and-dagger activity, slip-shod handling of material, improper evaluation.

As spying stands now, Communists are far ahead of the U. S.

It's on the modern "spy"—an intelligence officer who may depend as much upon a calculating machine as on gumshoes—that the safety of this nation now depends.

The spy seeks "intelligence" that permits one nation to size up the intentions of a possible enemy. If "intelligence" fails in these days of sneak attacks and hydrogen weapons, the path may be opened to victory for an attacker.

A breakdown of intelligence enabled the Japanese to score their victory at Pearl Harbor. "Intelligence" failed again at the time of the Communist attack in Korea. There was one more failure when a proper appraisal was not made prior to Chinese entry into the Korean war. American "spies" failed to foretell the Berlin blockade or, later, the uprising of workers in East Germany, when foreknowledge might have led to spectacular results.



–Harris & Ewing

GEN. MARK CLARK
. . . found much to criticize

The American intelligence service remains in the dark about the real rulers of today's Russia. It missed the demotion of Premier Georgi Malenkov and, apparently, muffed the twists and turns of Yugoslavia's Communist dictator, Marshal Tito. Russia's latest developments in warplanes caught U. S. by surprise.

American taxpayers are putting up sums variously estimated from 500 million to 1 billion dollars or more each year on "intelligence" or "spy" services. So far, judging by results, the return on the money is not as great as it might be.

A study just completed by a special commission of investigators outlines what these investigators consider to be wrong and suggests what should be done about it. The study, in its details, is as secret as the spy activities themselves. The secret portion of this study went to President Eisenhower in a sealed envelope, and no one outside the select investigating group was permitted to see it.

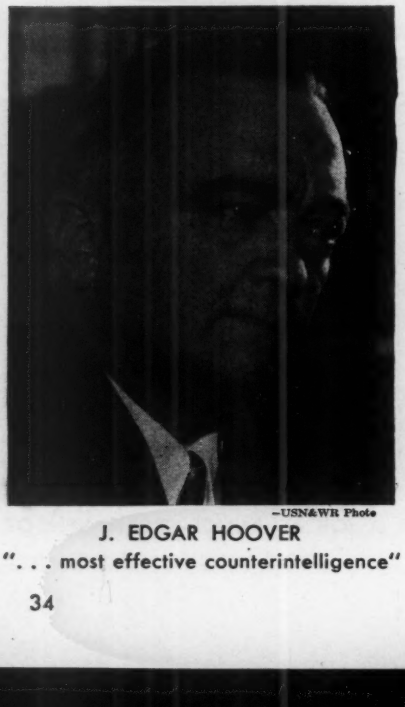
Yet, the commission does tell the story of what's wrong with present intelligence activities and what should be done about them.

The following points are made:

- Investigators are "deeply concerned over lack of adequate intelligence data from behind the Iron Curtain."
- "Glamour and excitement" of some angles of U. S. intelligence work seem to overshadow "other vital phases."
- "An internal reorganization" of the Central Intelligence Agency is necessary to give assurance that each kind of spying activity gets adequate attention.
- Among American diplomats "there seems to exist an abhorrence to anything that might lead to diplomatic or even protocol complications." Diplomats, in other words, prefer not to stoop to intelligence work.

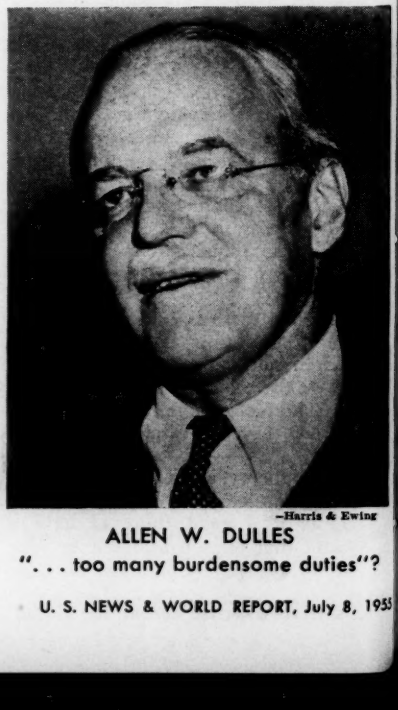
What those who made the study of intelligence activities of the Government appear to have told President Eisenhower and leaders in Congress is that too much stress is being placed by the top intelligence agency on cloak-and-dagger types of operation and not enough upon the prosaic day-by-day evaluation of enemy plans and intentions.

Spy work by the U. S. Government is carried on by many agencies and over a broad field both at home and abroad. The Army, Navy and Air Force each has its own intelligence unit. So does the Department of Defense. The National Security Council carries on intelligence activities. So does the Department of State. The Atomic Energy Commission



–USN&WR Photo

J. EDGAR HOOVER
". . . most effective counterintelligence"



–Harris & Ewing

ALLEN W. DULLES
". . . too many burdensome duties"?

is in the intelligence business. The Federal Bureau of Investigation—FBI—is doing much in the field of intelligence at home. The commission found 12 major departments engaged in intelligence work of one kind or another.

At the top of the pyramid, drawing intelligence from these sources and with a very large organization of its own, is the Central Intelligence Agency.

It is the work of the Central Intelligence Agency, known as CIA, that has drawn the principal criticism of those who have just completed their year-long study of espionage and counterespionage carried on by the U. S.

Of the supersecret CIA, the commission, headed by Gen. Mark W. Clark, had these things to say, among others:

- "We found the Director of Central Intelligence [Allen Dulles] to be industrious, objective, selfless, enthusiastic and imaginative. We are convinced, however, that in his enthusiasm he has taken upon himself too many burdensome duties and responsiblities on the operational side of CIA's activities."
- "The task force feels that certain administrative flaws have developed in the CIA which must be corrected to give proper emphasis and direction to its basic responsibilities. . . . The major aim would be greater concentration on the collection of intelligence information from our primary target—Russia and her satellites and Communist China."
- "There is still much to be done by our intelligence community to bring its achievements up to an acceptable level. . . . Effective intelligence has become increasingly necessary for our protection against the propaganda, infiltration and aggressions of the Communist leaders."
- "We discovered no valid ground for the suspicion that the CIA or any other element of the intelligence family was being effectively contaminated by any organized subversive or Communistic clique. Charges were made by some individuals alleging a few members of the intelligence community were poor security risks. All such cases, except those obviously without merit, were investigated by proper authority, or investigations are in the process of being made."

Those who have studied the so-called spying operations of this country reported themselves to be convinced that much better results could be achieved.

Efficiency of Reds. Communists were found to be much more successful in their intelligence work than are Americans. In the words of the study commission:

"Security measures adopted by the Communists have been provokingly conceived and boldly employed. They have been quite effective in comparison with our security measures, which have per-

(Continued on page 36)

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WHAT OPPORTUNITIES may investors expect in today's market for state, municipal and other tax-exempt bonds? What developments are affecting it? What about supply and demand, prices, trends, outlook?

These and other factors bearing on the market are discussed and timely information is presented in our new 1955 Mid-Year Survey of the Tax-Exempt Bond Market, which is available to you without cost or obligation. You will find it helpful in appraising the tax-exempt yield, safety and other qualities of these bonds in relation to your own investment requirements.

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U.S. SPYING—SECOND RATE?

mitted the collection of vital secrets in this country with relative ease. The information we need, particularly for our armed forces, is potentially available. . . Success in this field depends on greater boldness at the policy level, a willingness to accept certain calculated political and diplomatic risks, and full use of technological capabilities."

The report had unkind words for the Department of State, complaining that a "negative attitude, usually at the desk level, at times has stifled initiative and action in the collection of intelligence." It goes on to say: "Some of these efforts, if permitted to proceed properly, might have brought direct and immediate results and made positive contributions to the national welfare that would have justified the attendant political risks and possible inconsequential diplomatic embarrassment."

There were kind words, on the other hand, for J. Edgar Hoover and the FBI, for its work in counterintelligence.

The report said this: "We found the Director of the FBI, through his forcefulness, initiative and managerial ability, to have developed his agency into a model organization of its kind. We are confident that in the FBI we have a most effective counterintelligence service."

What commission would do. What to do to strengthen the intelligence services of this country? The answer given by the special commission included a number of recommendations.

The commission wants, first of all, to reorganize the Central Intelligence Agency "to produce greater emphasis on certain of its basic statutory functions." An Executive Officer, under the Director, to be chief of staff of the agency is part of that reorganization, with other proposed changes labeled "secret."

The second recommendation is that a small, permanent bipartisan commission of both houses of Congress and of citizens commanding high respect in private life be appointed to serve as a watchdog over intelligence activities. This commission would advise Congress on the progress or lack of progress in intelligence work. A third recommendation is for pay increases to top personnel, with more benefits to dependents of those assigned overseas.

The commission recommends that the CIA be authorized to employ men retired from military service, with a system of compensation that would enable them to retain their retirement benefits. It also wants a systematic recheck periodically of the security status of all CIA employes.

Basically, however, the commission concludes that this country must learn to place greater emphasis upon effective intelligence work.

In the words of the commission:

"Technological developments and political realignments in modern times inspire no such sentiment as that which once led a famous Denver editor to evaluate news on the premise that 'a dogfight in Champa Street' was worth more space in his paper than war in some minor country abroad.

"Our early philosophy of peace still prevails, but, within our generation and for our own protection, organized intelligence has been forced upon us by the rapidly shrinking world of electronics, nuclear weapons and planes which travel at supersonic speed."

—Dept. of Defense

THE RETREAT FROM THE YALU
The Chinese attack in Korea was not foreseen

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U.S. RUNNING SHORT OF WATER

Enough for Power—but Growing Problems for Other Uses

A revolution in federal power and water policy is called for by a new official report.

Nothing less than a major turnaround in policy, says the Hoover Commission, will overcome the mounting problems of water supply, electric power, flood control, irrigation and navigation.

An end is demanded to bitter conflicts between States, regions, industries over water—and to the expansion of federal power.

Four Commission members—two of them top Republicans—dissent vigorously. It's clear that these proposals are to go ringing through future political campaigns.

Ordinary water, which most people take for granted, is on the way to becoming a national problem of great, even dangerous, size.

Water today is short in many parts of the country. In the Southwest and Far West that problem of water shortage is an old one. It continues to grow more critical. Now there are parts of the East and Midwest where the supply of water threatens to run below demand. Farmers complain that the wells and springs upon which they have depended are going dry as the level of water in the ground gets lower.

Power generated by water long has been a cause of controversy. Now that controversy is getting more intense. Then there are arguments about who should do what about the floods that represent another phase of the water problem.

What policies should the Federal Government follow in dealing with the many-sided problem of water? Should it show more interest, take on more responsibilities for solution of the problem? Or should local governments and States do more?

The Commission on Organization of the Executive Branch of the Government, headed by Herbert Hoover, former President, has just offered some recommendations to the President and to Congress. In general, those recommendations take the line that the Government should leave more phases of the problem to private enterprise and to localities, and call a halt to the steady expansion of federal programs in water and power.

You get, in the charts on these pages, some of the facts and estimates offered to show the American people the dimensions of problems faced.

Water supply. The problem of water supply, the Commission finds, already is critical in many areas. Consumption and other use of water are phenomenal, yet only a fraction of what they will become.

Commission data reveal that the country uses about 200 billion gallons of water daily. The use per family in a week is enough to fill a small house. Yet the demand will rise by 145 per cent in the next 20 years.

Even today, the struggle for water sets States, localities, industries, regions one against the other.

—United Press

THE BIG DAM
Could private industry swing it?

In some areas, ground water is being withdrawn 30 times as fast as it is being replaced.

And "use of water on the 25,800,000 acres of land for irrigation . . . has lowered downstream navigable depths of streams, lowered power potentials, and interfered with fish and wildlife."

There is "competition between the varied uses of water for irrigation, power, navigation, recreation, and for use in maintaining the balance between salt and fresh water." There already is increased saltiness in some bays.

There is "conflict between those who would erect great reservoirs and those who would preserve scenic values." Industries and cities are polluting streams. "Salt water intrusion" into fresh ground water is noted in some areas.

The Commission says the West has "a vested interest in the use of water," so "all Western States insist that development and water rights conform to State law. . . . Federal law . . . is mostly ignored by the Western States."

Says the Commission: The "17 Western State governments have themselves provided little financial support to the development of their irrigation resources. . . . Obviously there is a desire to place the burden of public financing on the Federal Government." The Commission implies that the East is tiring of this sort of thing.

While conflicts rage among States, the Commission reports, "there is constant conflict and rivalries" among the 25 federal agencies involved.

The Hoover prescription:

- "All federal agencies administering revenue-producing water re-

sources and power projects should pay all cash revenues to the Treasury . . . and receive an annual appropriation for cash operating expenditures."

• Water resources should be developed by drainage areas—locally and regionally—with the Federal Government taking a hand only where necessary to "accomplish broad national objectives," or where projects are too big for State, local or private interests.

• There must be set up a "Water Resources Board to be located in the executive office of the President." It should be created from "Cabinet members, together with five public members, presided over by a nongovernmental chairman . . . . "Public members should be "recruited from engineers, economists, and others of recognized abilities."

• Finally, the Budget Bureau should be more adequately staffed so that it can evaluate "the merits of water development projects presented to it for appropriations."

Power. Present needs of the country for power, the Commission finds, are enormous. Yet those needs are expected to triple by 1975.

The federal role in this situation is a special target for the Commission.

"It is clear," the Commission finds, "that in the field of power the Government is conducting functions and activities which are competitive with private enterprise." This competition "is more extensive than in any other single governmental field and has taken on many aspects which are the negation of our fundamental economic system" of free competitive enterprise.

DO AMERICANS GET SAFE DRINKING WATER?

Of the 100 million Americans who live in cities, according to the Hoover Commission:

- **25 million have water with "adequate treatment."**
- **44 million have water with "inadequate treatment."**
- **31 million have water with "no pollution treatment."**

The federal taxpayer is subsidizing power projects that, even when finished, will benefit directly "less than 10 per cent of the whole population." New York, New Jersey and Pennsylvania "have 20 per cent of the total population, and pay 29 per cent of the taxes and receive no federal power." The East, the Commission implies, is getting tired of paying for Western power and irrigation.

Not enough money is charged for federal power, says the Commission, noting that "exemptions from tax charges and other economical rate making practices caused revenues from federal power sales in 1953 to fall about 40 per cent below the value of the power."

To cure the ills that are laid to federal projects already operating, the Commission urges:

• That rate-making authority over federal power be given to the Federal Power Commission and that the FPC be directed to fix rates high enough to cover all costs—including amortization and interest on the federal investment, and amounts equal to federal, State and local taxes paid by private utilities.

• That Government "cease the building of steam plants" and "connect federal power facilities with grids of neighboring systems."

• That Government undertake "no further building of transmission lines . . . where such transmission services can be provided by nonfederal agencies."

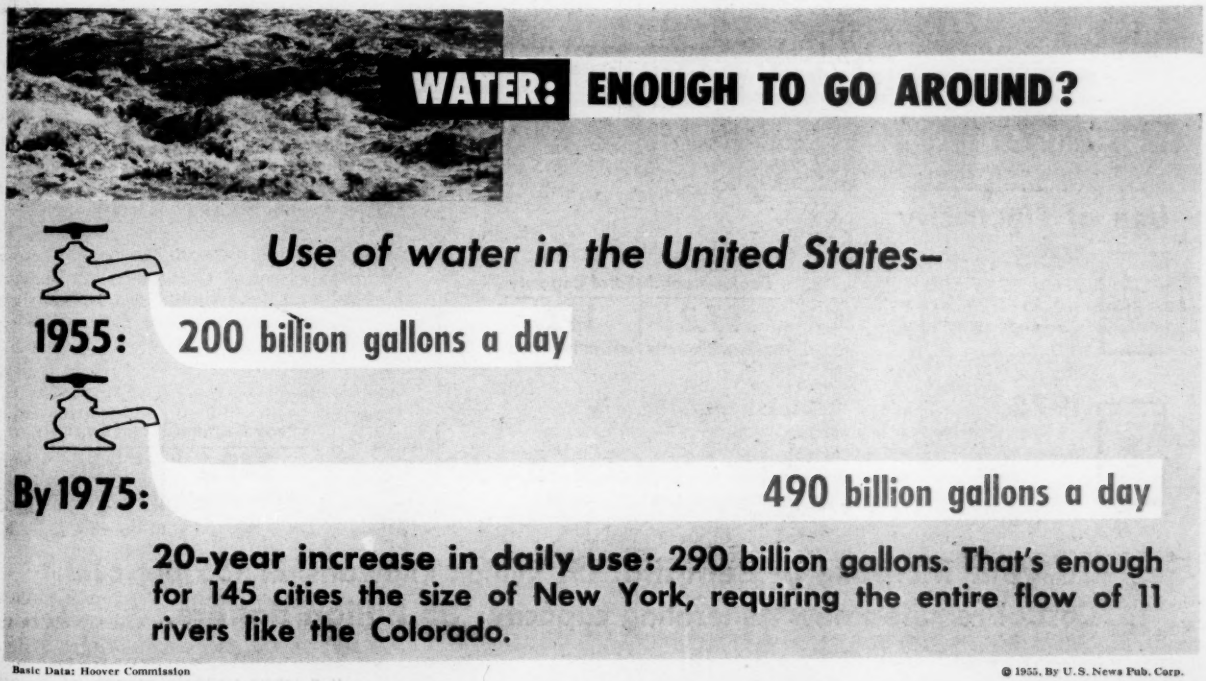
• "That . . . private utilities be permitted to purchase a fair share of federal power."

Multipurpose projects. Of the big multipurpose projects—the TVA's—and their future, the Commission says:

". . . a large number of the great multipurpose dams . . . were . . . beyond the financial and technical strength of private enterprise or the nongovernmental agencies . . . . " But "this situation does not prevail today.

"The growth of savings in the hands of private citizens and institutions now enables both private companies and nonfederal public bodies to obtain enormous sums for the building of power plants. . . . Financially there is no present or prospective need for federal financing of power activities.

"Federal power development might


WATER: ENOUGH TO GO AROUND?
Use of water in the United States–
1955: 200 billion gallons a day
By 1975: 490 billion gallons a day
20-year increase in daily use: 290 billion gallons. That's enough for 145 cities the size of New York, requiring the entire flow of 11 rivers like the Colorado.

Basic Data: Hoover Commission

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Government's Power Business

BIGGER and BIGGER

In 1933.

Federal power made up **0.7 per cent** of total U. S. generating capacity.

Now.

Federal power accounts for more than **12 per cent** of the total.

In the future.

After all the federal programs now authorized are completed, federal power will represent **17 per cent** of total capacity.

Source: Hoover Commission

also be deemed necessary if privately owned electric utilities could not be regulated effectively in the public interest. The regulation of electric utilities . . . by both State and federal governments has become effective.

"Federal power development might be deemed necessary if nonfederal sources could not supply whatever power was required for the current and prospective defense activities of the Federal Government. There is nothing to indicate any necessity of this sort."

What the Commission urges—in addition to higher rates set by FPC—is this:

- The big projects should be made self-supporting and "incorporated under and made subject to the Government Corporation Control Act." That goes for the Columbia River Basin system, the Hoover-Parker-Davis Dams Administration, the Central Valley project of California, the Southwestern and Southeastern Power Administrations.
- All these, plus the Tennessee Valley Authority, should be "required to secure their capital for their future improvements, when authorized by the Congress, by issuing their own securities to the public . . . ."
- Representatives of the States concerned should be appointed to the boards that control these projects.

For the future. The Commission stops short of a demand that these huge projects be sold to private enterprise. For the future, however, the Commission insists:

- "That private enterprise be offered the opportunity to provide the capital for the electric component of multiple-purpose dams and dispose of the power through their own systems . . . .
- "That if such capital be not available, the power should be offered for sale to the private utilities, the States, or the municipalities and cooperatives prior to construction, on terms that will protect the federal interest." Dams would not be built until power had been sold in advance.

Federal power, if the Commission has its way, would be put under strict controls, be given little chance to expand, and cost considerably more for users.

Flood control. The Commission sees two types of flood problems.

Power Capacity in U. S.—

PRIVATE and PUBLIC

Total generating capacity, as of the end of 1953, was 107.4 million kilowatts.

OF THIS—

87.1 million was in privately owned plants

20.3 million was in publicly owned plants, including:

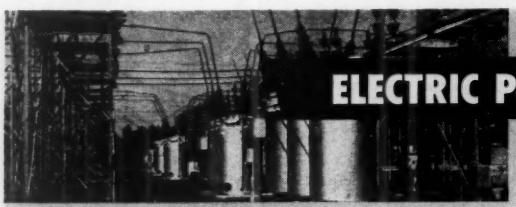
11.4 million in federal facilities

8.9 million in municipal and other public facilities

Source: Hoover Commission

"The first is the increase in stream flow due to seasonal rain and melting snows. Such overflows can be prevented by engineering works. The second sort consists of unusual floods which come at intervals of years. If they cannot be wholly controlled, they can at least be restricted and damage mitigated."

Problems, and programs contemplated, are enormous. The ultimate program envisioned by the Army Corps of Engineers would cost in the neighborhood of 15.2 billion dollars. Small-dam projects for which the Soil Conservation Service sees need are given a price tag of 25 billion.



ELECTRIC POWER: MORE AND MORE DEMAND

Use of Electricity

1955

527,300 million kilowatt-hours

Peak Demand	Total Capacity
97.2 million kilowatts	112 million kilowatts

1975

1,356,300 million kilowatt-hours

Peak Demand	Total Capacity
248.2 million kilowatts	286 million kilowatts

20-year increase in demand: 151 million kilowatts, or 155 per cent.
Cost of required new generating capacity: 35 billion dollars.

Source: Hoover Commission, Federal Power Commission

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The Commission leaves no doubt where its confidence and sympathies lie.

Of the Corps of Engineers: "The Commission wishes no sentence in the report to be construed as a reflection upon the Corps."

Of the Soil Conservation Service: It "has . . . underestimated the cost of providing storage capacity in headwater reservoirs."

The Commission urges that "the construction of headwater dams in the flood control program of the Soil Conservation Service be transferred to the Corps of Engineers."

Irrigation. Financial results of federal irrigation efforts, says the Commission, are poor. It cites "serious underestimation" of costs. And projects are slow to pay off. Citing four river projects, the Commission says that, at the rate farmers are repaying, it will take 310 to 430 years to pay. Farmers should not have all the costs to pay, anyway, the Commission insists.

Projects, meanwhile, are slow in being completed: "Of 20 Missouri River Basin projects authorized between 1943 and June 30, 1952, only 16 are, or had been, placed under construction, of which 9 have been completed."

The Commission has several "suggestions" and some "recommendations."

- All federal irrigation projects should be organized into irrigation districts. Then costs should be split among various parties. All residents in a district should pay, through a district tax, "all operating expenses of the irrigation project, except the operation of the dam and major canals."
- State Governments should assume some of the costs that result from underestimation.
- Federal subsidies should be shown clearly. In fact, all cash payable into the various reclamation "revolving funds" should be turned over to "the general fund of the Federal Treasury and all project funds be appropriated by the Congress."
- Some limitation on the size of farms in irrigation projects is needed, but the definition of a "family sized farm" should be tailored to local conditions. That means, in some areas, far larger holdings than at present.

Navigation. Here the Commission recognizes the federal role. Improvements are deemed "necessary to provide for the national defense, to conserve the national domain, and to facilitate international and interstate commerce."

Yet the Commission sees many problems that need attention.

On the inland waterways, "a constant conflict arises between the inland navigators and the highway builders, over

(Continued on page 42)

Rockwell Report

by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

THE NEW, AND SOMEWHAT AMAZING, electronic order-invoice system created for our Delta Power Tool Division has been in use long enough, now, to prove its basic operational advantages.

Its function is to replace repetitious manual paper work processing, and all its chances for human error, with foolproof electronic "brains" and "hands." To the best of our knowledge it is the first such electronic order handling system to be used by industry.

Under the new procedure, all orders are sent directly to our headquarters office, rather than to district offices. Pre-punched cards, which include the customer's name, address and shipping-charge information, are matched with product description cards key-punched with information pertinent to the order, and "mark-sensed" to indicate quantity. The cards are fed into a card-to-tape machine which prepares a five-channel punched programming tape.

The tape controls a teletype transmitter which produces three copies of the order for sales department use. Simultaneously, hundreds of miles away in the warehouse nearest the customer, a receiving apparatus produces three copies for shipping papers.

The new system enables us to give our customers better service through processing and filling orders faster. We can also issue credits faster, as a result of centralized credit information and simplified controls. And sales management gets proved daily records of new orders, and shipments, which results in a better balanced inventory and fewer back-orders. A further cost-cutting advantage is the substantial reduction in the amount of correspondence between sales office, headquarters, and plants.

The new system was worked out for us by Shaw-Walker Company, methods consultants, in conjunction with International Business Machines Corporation, Bell Telephone Company, American Telephone and Telegraph Company, and Standard Register Company.

* * *

The trend toward increased use of water meters is growing rapidly, for two fundamental reasons. The first is that shrinking reservoirs throughout the nation are forcing recognition of the need for basic conservation measures, such as metering. The second reason is increased pumping costs, even where there is no water shortage. Metering distributes these added costs equitably among water users. Our meter and valve division estimates that by 1960 practically every urban home in America will be equipped with a water meter.

* * *

The new Rockwell-Ohmer electric taximeter is finding excellent acceptance among progressive taxicab companies. While we are more than pleased with the way the new electric meters are being purchased, we are also proud of the fact that some of the old Ohmer mechanical printing meters being replaced have been in service for as long as thirty years.

* * *

The number of our shareholders has multiplied more than fifteen times in the past nine years—from 729 at the end of 1945 to 11,005 at the end of 1954. During last year alone, we added more than 1200 shareholders, which is an encouraging, and tangible, expression of confidence both in our American economy and in us as a company.

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.
for its customers, suppliers, employees, stockholders, and other friends

[continued]

U. S. RUNS SHORT OF WATER

higher bridge clearance." Present law requires the Army Engineers to favor navigation. So movable-span highway bridges are erected, often when not needed, with resulting high costs.

The Commission says that "at least 36 movable-span highway bridges in 17 States never have been opened to accommodate navigation, and 122 highway bridges in 25 States have not been opened for navigation for a year or longer." That excludes railroad bridges.

What the Commission wants, in the navigation field, is a shift of some of the cost burden from taxpayers to users of the waterways. Specifically, "a user charge on inland waterways, except for smaller craft" is urged.

This proposal, if adopted, means new costs for companies shipping oil, coal, timber, other commodities on the barges that ply the Ohio, the Mississippi, other big rivers, and for shippers on the Great Lakes.

What it means. These proposals represent a toned-down version of the ideas offered by the Commission's task force on water problems. Even so, they obviously add up to a revolution in federal water and power policy—or will if they are adopted.

The Commission's conclusions and recommendations were not reached unanimously. And the 4 dissenters, out of 12 on the Commission, include 2 highly placed Republicans—Attorney General Herbert Brownell, Jr., and Defense Mobilization Director Arthur S. Flemming. These two "dissent generally" and, on many points, specifically. To all the dissenters, the proposals go too far in taking the Government out of action.

Commissioners Brownell and Flemming believed that "the recommendations, when taken together, would impede the Federal Government in exercising its proper role in the development of the nation's water resources."

Commissioner James A. Farley, Postmaster General under President Roosevelt, said that "the cumulative effect of the recommendations in this report come dangerously close to inviting an abdication by the Federal Government of its responsibilities to insure the proper development of this country's great natural resources."

To another Commission member, Representative Chet Holifield (Dem.), of California, there is little good of any sort in the report. And the report of the task force, he charges, "contains facts which are distorted, findings which are unwarranted, conclusions which are inconsistent, and recommendations which are prejudiced."

Yet the facts presented and recommendations put forth by the majority are to get careful study in Congress and the Administration. Some proposals are all but certain to be adopted.

Virtually all of the proposals, accepted or rejected, are to fuel the fires of politics for years to come.

What Government Is Investing In Electric-Power Business

	Invested in projects completed by mid-1953	Total to be invested in projects completed, under construction or authorized
Tennessee Valley Authority	$924,513,490	$3,075,901,948
Columbia River Basin	590,578,249	3,245,725,166
Hoover and Parker-Davis	238,576,977	254,560,171
Central Valley, Calif.	80,812,702	372,051,000
Missouri River Basin	106,587,440	1,308,945,655
Southwestern Power Adm.	134,211,933	631,007,757
Southeastern Power Adm.	212,426,000	720,147,400
All other federal projects	23,700,131	53,867,447
TOTAL	$2,311,406,922	$9,662,206,544

Source: Hoover Commission

Top Flight Hotels in Latin America

In South America and Mexico —Intercontinental Hotels Corporation leads the way in hospitality. All IHC hotels offer modern accommodations, fine food, interesting entertainment and friendly bi-lingual service. Businessmen appreciate the prestige of IHC hotels and their excellent conference and convention facilities. Most of our hotels also provide glamorous vacation features such as outdoor swimming pools and sun patios.

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MARACAIBO, VENEZUELA
Hotel Del Lago
BELÉM, PARÁ, BRASIL
Hotel Grande
MEXICO CITY
Hotel Reforma
CARACAS, VENEZUELA
Hotel Tamanaco
BOGOTÁ, COLOMBIA
Hotel Tequendama
MONTEVIDEO, URUGUAY
Hotel Victoria Plaza

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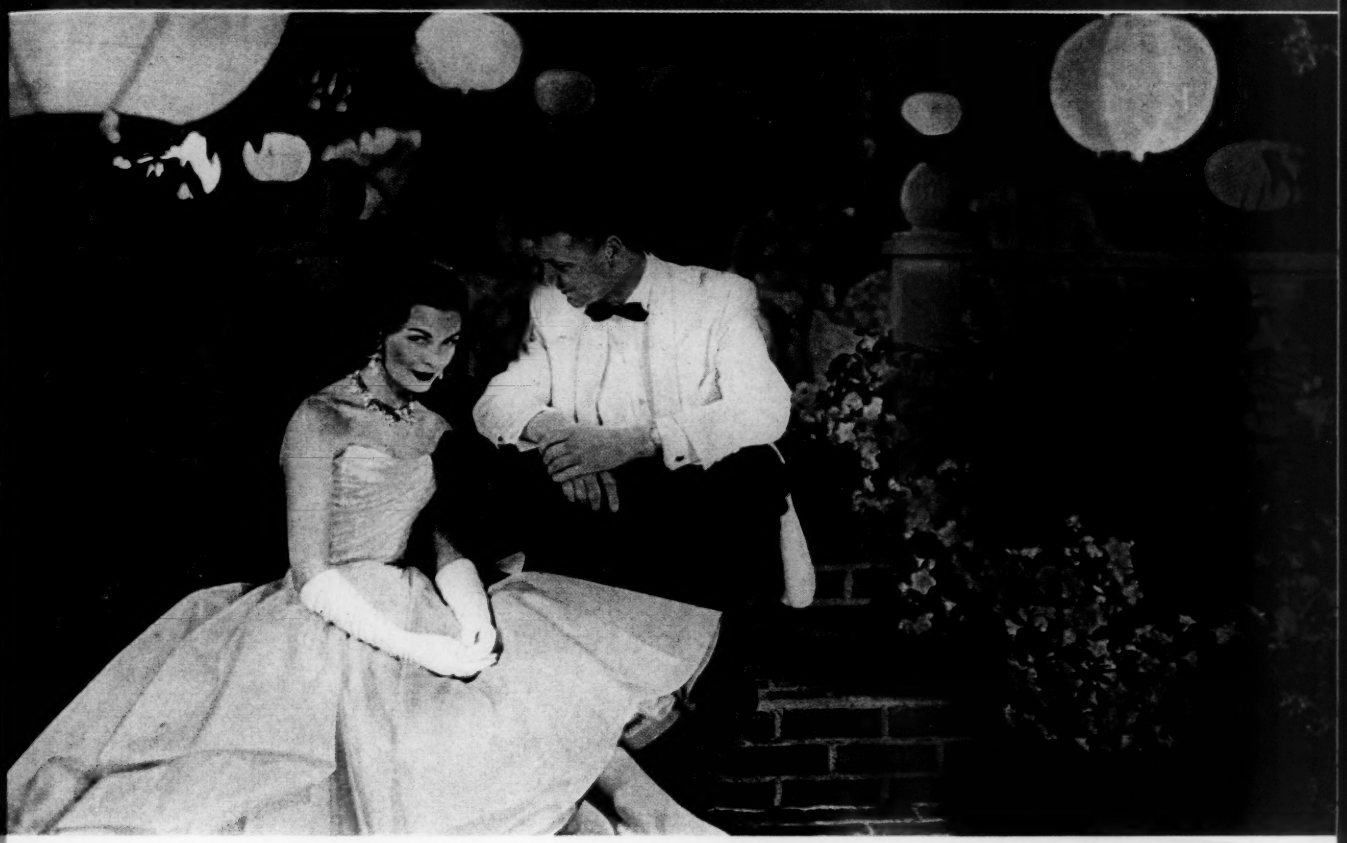
INTERCONTINENTAL HOTELS Corporation
Chrysler Building, New York 17, N. Y.
Reservations, STillwell 6-5858

Cadillac



For the Sheer Joy of Living !

The true worth of any possession may be measured largely in terms of the enjoyment it brings its owner.

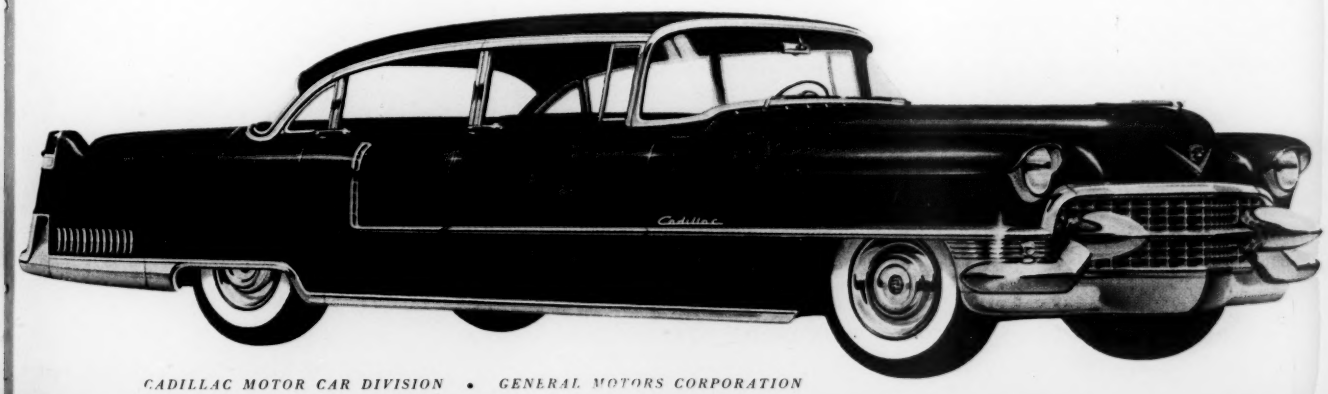
And that is why the great Cadillac car must be counted among the most prized of personal possessions. For certain it is that few worldly belongings add so much to the sheer joy of living.

In the first place, it stands completely alone in all the things that make a motor car a pleasure to utilize. Through every mile of every journey, it provides recreation and comfort in unprecedented measure.

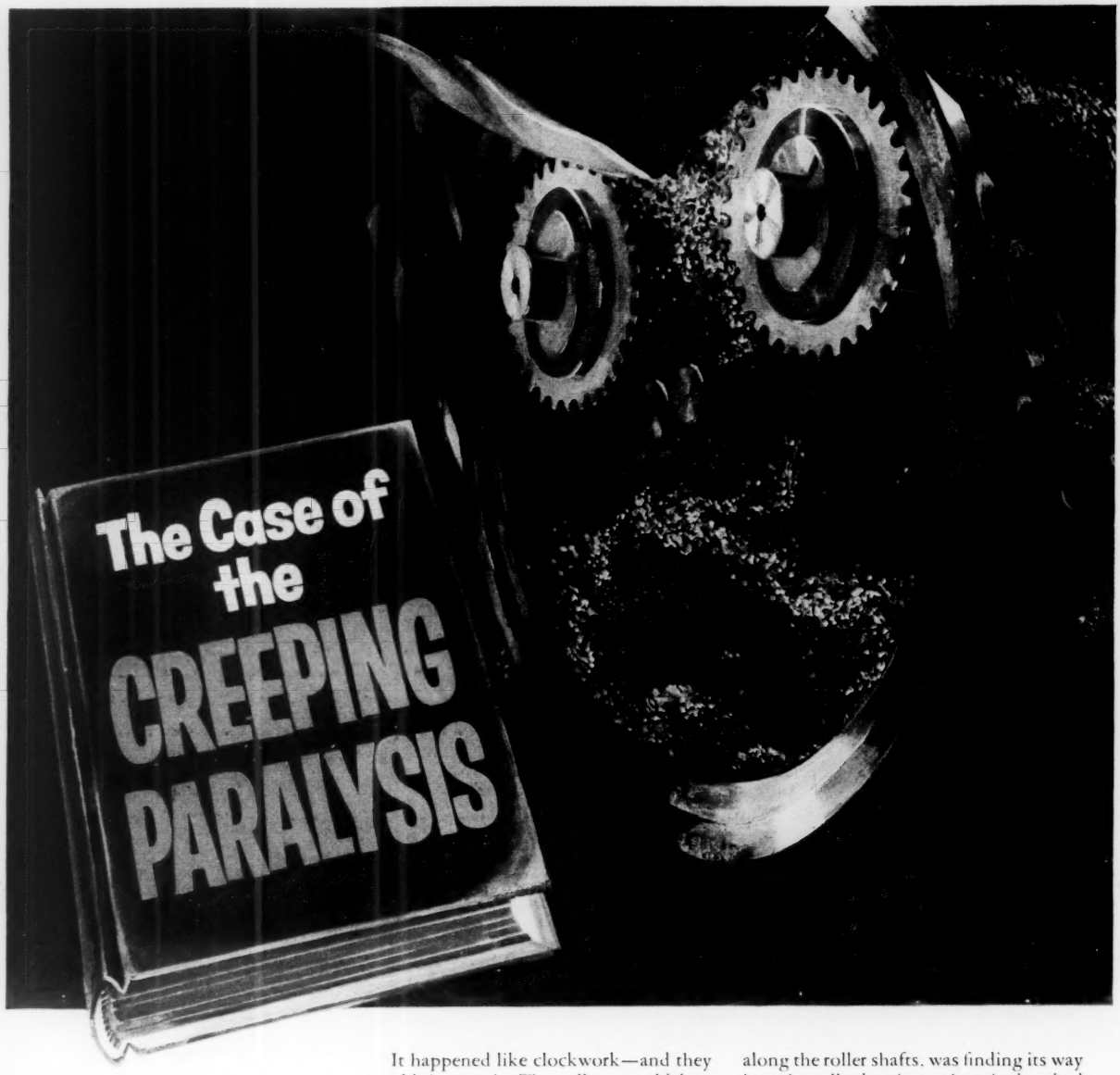
And how rewarding a Cadillac is to own! Owners everywhere will tell you that it is their greatest source of pride and happiness . . . and that it enhances their daily satisfaction to an unbelievable degree.

Of course, it isn't necessary to decide on Cadillac solely for your personal gratification. For the car is *practical* as well as *wonderful* . . . and represents a surprisingly sound investment.

Why not visit your Cadillac dealer today—and see if you are among the many who should move up to the "car of cars"?



CADILLAC MOTOR CAR DIVISION • GENERAL MOTORS CORPORATION



How Correct Lubrication solved it—saved $1,500 a month!

It happened like clockwork—and they couldn't stop it. The rollers would lose their smooth rhythm, gradually revolve slower and slower until, finally, they had to shut down the machines for repairs.

The machines were pellet mills in a plant that produced animal feed. Ground grain, fed into the mill, was processed with steam. Then the moist grain was forced, by means of rollers, through a perforated shell to produce pellets. There were ten pellet mills, and they had to be repaired an average of once a month—a total of $1,500 just for maintenance!

Socony Mobil men found the root of the trouble. Ground grain, creeping along the roller shafts, was finding its way into the roller bearings where it absorbed the oil in the bearing grease. This made the grease pack and harden, slowed down the mill, paralyzed production. Use of special bearing seals and the correct lubricant was recommended. This solved the problem. Bearing failures ended—the company saved the $1,500 previously spent every month!

★ ★ ★

This is the kind of service you get with a Socony Mobil program of Correct Lubrication. Why not get such a program started in *your* plant—to improve your production, cut costs?

SOCONY MOBIL *Correct Lubrication*

FIRST STEP IN CUTTING COSTS

SOCONY MOBIL OIL CO., INC., and Affiliates: MAGNOLIA PETROLEUM CO., GENERAL PETROLEUM CORP.
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Worldgram®

FROM THE CAPITALS OF THE WORLD

WASHINGTON....MOSCOW....BELGRADE....BONN....

>> To show you how fast official defrosting of "cold war" is proceeding.....

Era of good will between U.S. and Soviet Russia is hinted at, talked up. Exchange of visits by farm experts, athletes, educators, correspondents is now permitted, even encouraged. Soviet attack on U.S. plane is dismissed as perhaps an accident. Soviet regrets for attack are taken as signs of change in Moscow.

It's time, says President Eisenhower, to stop talking about cold war.

>> Officials are inclined to bask in the Kremlin's new mood.

Soviet spokesmen startle U.S. by saying pleasant things about America.

U.S. leaders admit to welcome relief, and say as much.

Even Chinese Communists are reported as having some kind words for U.S.

Neutralists, on global tours, urge the world to relax, accept at face value Moscow's "peaceful coexistence" slogan. Premier Nehru, after making the rounds of Soviet capitals, hears that Indian Communists now approve his foreign policy. Marshal Tito is to visit Moscow, ending a seven-year feud. U Nu of Burma is assuring Americans that "peaceful coexistence" is the only alternative to war.

>> War threats, crises, problems--all are swept under the rug.

Quemoy? The name hasn't shown up on page 1 for weeks.

Formosa? Shooting down of Nationalist Chinese plane, with U.S. officer on board, is noted, but no basis for U.S. official protest is discovered.

Vietnam seems very far away. Laos? Hard to remember where it is.

German Army? Even the Germans seem less than enthusiastic for it.

Obviously, Moscow's idea of relaxing tensions strikes most people as a fine idea. The road to Geneva, where the Big Four meet, is lined with "Quiet" signs.

Until Geneva, at least, the world is cautioned to go about on tiptoe.

>> Meanwhile.....Formosa cease-fire neither prevents Communist attacks on Chinese Nationalist planes, nor a build-up of Communist air power. Red moves in Laos, softening it up for the kill, are generally ignored. Soviet advances in air power are discounted. Long-term Soviet aims tend to drop out of sight.

>> Tito's decision to visit Moscow makes the whole question of U.S. military aid to Communist Yugoslavia even more ticklish than it was before.

U.S., naturally, now has to ask itself if Tito is returning to Moscow for keeps. If Tito rejoined Soviet bloc, U.S. arms might be turned against U.S.

But, as it looks to insiders in Belgrade.....

Recapture of Tito is not what Kremlin has primarily in mind.

Balkan defense pact is the thing Moscow is sighted on, hopes to break up.

(over)

Nobody in Belgrade thinks Tito is going to surrender his independence. Why play second or third fiddle in Moscow's orchestra when he can play solo on his own stage, and make both Moscow and Washington listen?

A visit to Moscow, while reviewed with suspicion in the West, is somewhat less alarming in the light of these facts: Tito was invited to Moscow months ago, but refused to go. He wanted Moscow to come to him, make the first gesture of reconciliation. Kremlin leaders, with an eye on Balkans, then made the first move, not only came to Belgrade but publicly apologized for mistreating Tito.

Now Tito feels his position very strong, sees no risk in going to Moscow.

A visit to Washington? That's next--if Washington will invite Tito.

U.S. aid to Tito remains a calculated risk. Abrupt cutoff of aid could be pretty risky, too. It could force Tito closer to Moscow.

>> To understand concern of Soviet leaders over the Balkan defense pact.....

This pact has built a Yugoslav-Greek-Turkish barrier to Soviet expansion to the south, in the area Churchill called "the soft underbelly of Europe."

Moscow dislikes pacts like this--especially when U.S. is involved.

Moscow's objective is to disrupt this Balkan defense system by gestures of appeasement. Honeyed words are therefore beamed at Greece and Turkey these days. Tito, of course, requires special treatment. Wooing of Tito, it's noted, began two years ago--a month after the Balkan pact was signed.

Actually, as things stand, the Balkan pact isn't too solid. Yugoslavia, Greece, Turkey are uneasy allies. And, if threats of Soviet aggression appear to be fading, main reason for Balkan defense pact will tend to vanish, too.

As Moscow sees it, it's time for Balkan powers to relax--and split up.

>> Chancellor Adenauer is in no hurry to make his trip to Moscow.

Adenauer's strategy--and his advice to U.S.--is to offer no concessions to the Soviets until after they've come up with a few themselves.

A visit to Moscow, Adenauer figures, will be in order after--not before--Moscow reveals some of its intentions about Germany. A Soviet pledge to return German prisoners of war still held in Russia is one thing Adenauer wants.

For bargaining purposes, in addition, Adenauer prefers to postpone going to Moscow until the nucleus of a new German Army is actually authorized.

Bonn Parliament isn't as eager for this as Adenauer is. It's in no mood to give Adenauer what it considers a blank check. Civilian controls over the new German Army are first sought by Parliament. Revival of German militarism, that is, seems as much feared by Germans as by others in Europe.

Vote on Army, in any case, is to precede Adenauer's visit to Moscow.

>> Communist infiltration of Laos, next door to Vietnam in Indo-China, has now reached the point where U.S. officials are publicly alarmed.

Communist troops, 10,000 strong, are inside Laos. Arms are supplied from bases in North Vietnam, the area awarded to the Communists at Geneva last year. Military guidance is supplied by Communist high command in North Vietnam.

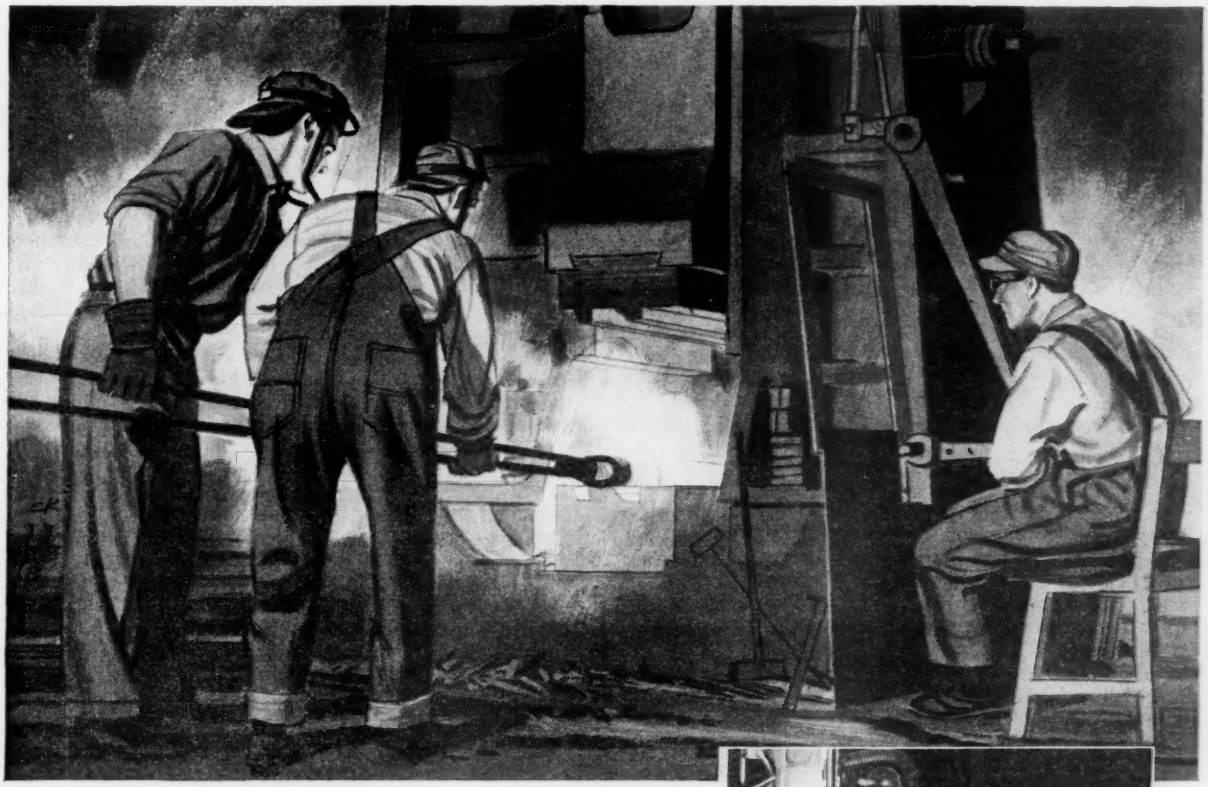
Two provinces of Laos, as a result, are now virtually ruled by Communists.

In theory, Geneva truce forbids this. Also in theory, Communists promised not to intervene in Laos, a newly independent country.

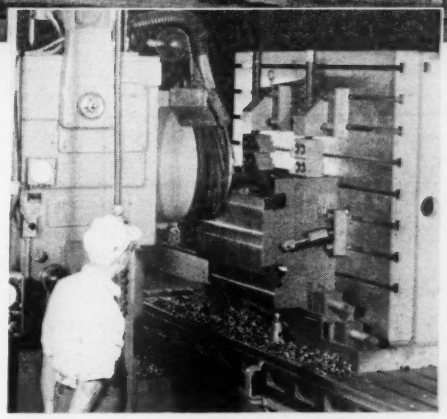
Fact is that Communists are on the march in Laos, heading for Thailand and points west. Laos is appealing for help while there's time.

Hand forging was costly in 1755

here's a better way



The forge hammer in America's first iron works, at Saugus, Mass., was driven by a water wheel. Today's forging operations are speeded by *automatic power-driven* machines. With the advent of carbide cutters and the development of Sundstrand milling machines to withstand the pressure of heavy cuts in tough, hard materials, die blocks can be reworked at low cost as many as ten times.



Sundstrand contributes to the better way
Sundstrand heavy-duty Rigidmil Milling Machine (*right*) produces matching sets of die blocks. These machines have increased production as much as five times over former methods. Send for Catalog D-1.

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Socialists Sour on Socialism

A Top Theorist Tells Why It Doesn't Work

Higher profits, more moderate taxes, fewer controls on business—that's the way prominent socialists are talking now.

Old ideas on how to build a perfect world don't work when applied. That's what a leading socialist finds in Britain.

His advice to fellow socialists: scrap the theories, forget about trying to run everything, give private initiative a break.

LONDON

The brain-trusters among socialists are taking a second look at socialism as it has been practiced in Great Britain and promoted in America—and they find it wanting. Karl Marx, it now turns out, was all wrong.

Latest among the philosophers to come up with that conclusion is Prof. W. Arthur Lewis, a leading theorist of the British Labor Party and highly regarded by socialists in Great Britain. This man is critical of Government ownership and other socialist theories, and says that some capitalist ideas—such as high profits for business—are not so bad, after all.

Before him, Norman Thomas, long-time head of the Socialist Party in the United States, also concluded that the ideas pushed by socialists for years would not work as planned.

These and other socialists have pictured socialism as the only sure way to make everyone happy and prosperous. Workers, under socialism, are supposed to own and control the means of production. The Government would plan and control the economy. Heavy taxes would force the rich to share their wealth with the poor.

Professor Lewis now criticizes these ideas as applied in Britain, where the Labor Government, after World War II, took over coal mines and railways, taxed most private fortunes out of existence, and regulated private business and industry through strict Government controls.

In a series of two articles written for the British magazine *Socialist Commentary*, Professor Lewis gives his analysis of what's wrong with socialism:

• **Workers' ownership of industry.** ". . . what has been done . . . is to transfer property not to workers but to the Government. Workers continue to be employes, subject to all the frustrations of working under orders in large undertakings. . . . Those who expected nationalization to raise wages have . . . been disappointed. . . . It does not solve the problem of labor relations; it reduces private wealth in importance, but only gradually; it raises unsolved problems of control; and it raises the issue of how much power we want our Governments to have."

• **Government controls on private business.** ". . . cumbersome . . . unpopular . . . unnecessary . . . . they put the whole population at the mercy of Government clerks, applying for rations, for licenses to redecorate, for licenses for petrol, and what not."

• **Heavy taxes against the rich.** "We have pushed progressive taxation so far in this country that . . . we are in danger of destroying the incentive to take risks. Nobody will take risks involving a large possibility of loss unless there is correspondingly a large possibility of gain. If we make large gains impossible we stifle enterprise."

Profits: a "must." What socialists have to do now, Professor Lewis says, is to drop some of their old theories and pick up a few capitalist ideas. He explains:

"We have to be very careful not to live beyond our means . . . . There must be restraint in consumption. Money wages must not be increased by 10 per cent every year because productivity does not increase by more than 2 per cent a year.

"Our forefathers never bothered about economic progress. . . . Now we are conscious that it requires among other things a high level of investment which in turn also means restraint in consumption. Worse still: in private enterprise economy most saving comes out of profit and most investment is done only if there is the incentive of profit. So if we want large investment and a rapidly rising standard of living we must have a high profit ratio. . . .

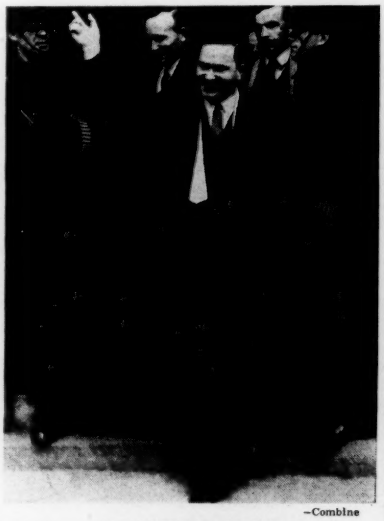
"It is traditional in our party to burst a blood vessel whenever the word 'profits' is mentioned. To demand that wages should be restrained so that profits should be high is clearly sacrilegious language. But since this is clearly the situation in which we find ourselves we have to face it."

Income taxes: "wrong." Turning to the socialist idea of "soak the rich" taxation, Professor Lewis says:

". . . A policy which emphasizes the taxation of income is on the wrong tack. The reason why there are such wide differences in income is that there is such inequality of opportunity and property.

—Justus in the Minneapolis Star

"HITTING THE TIES"
"We have to face it . . ."



—Combine

W. ARTHUR LEWIS
"We need . . . a new approach"

If we reduced the inequality of property, and through the educational system also ensured greater equality of opportunity, the inequality of income would automatically diminish, and so also would the necessity for heavily progressive taxation.

"In a society in which income differences were small and reasonable we could rely exclusively on indirect taxes, which are the best taxes not only because they are cheap to collect and do not badger each individual with forms, but also because they do not discourage incentive and enterprise."

State ownership: "totalitarian." The question of Government ownership draws this comment from Professor Lewis:

"Do we really want to transfer too much power to the Government of the day? Ours is the party of 'the people'; a Government machine in which all property and all opportunities of employment are concentrated is really a totalitarian rather than a Socialist conception.

". . . An alternative would be to democratize property not by nationalizing it but by redistributing it. A society in which each person owned an equal amount of property would come much nearer the socialist ideal than one in which the Government owned all the property. . . . It is possible to devise taxation, inheritance, and financial systems which break up property concentrations and redistribute property ownership."

This is what he states about Government controls on private business:

"Not all controls should be, or have been, swept away. The economic system functions badly unless certain minimum controls are maintained. We are particularly interested in those controls which are necessary to maintain full employment, to prevent the emergence of depressed areas, and to safeguard the balance of payments. These we must distinguish, keep and refine."

Whither socialism? These views, Professor Lewis admits, run strongly against old-time socialism. He adds:

"Some party members . . . just keep on demanding the old mixture as if we were still back in the good old days of 1900. . . . by and large it is the intellectuals of the party who refuse to think about its problems. . . . Our task is not to hold the generation of 1900 but to win for our movement the loyalty and enthusiasm of the young men and women of today and of the future."

These are the conclusions of one of Britain's foremost socialist philosophers —a man who, like many other socialists, is beginning to find much that is wrong with socialism and much that is good in capitalism.

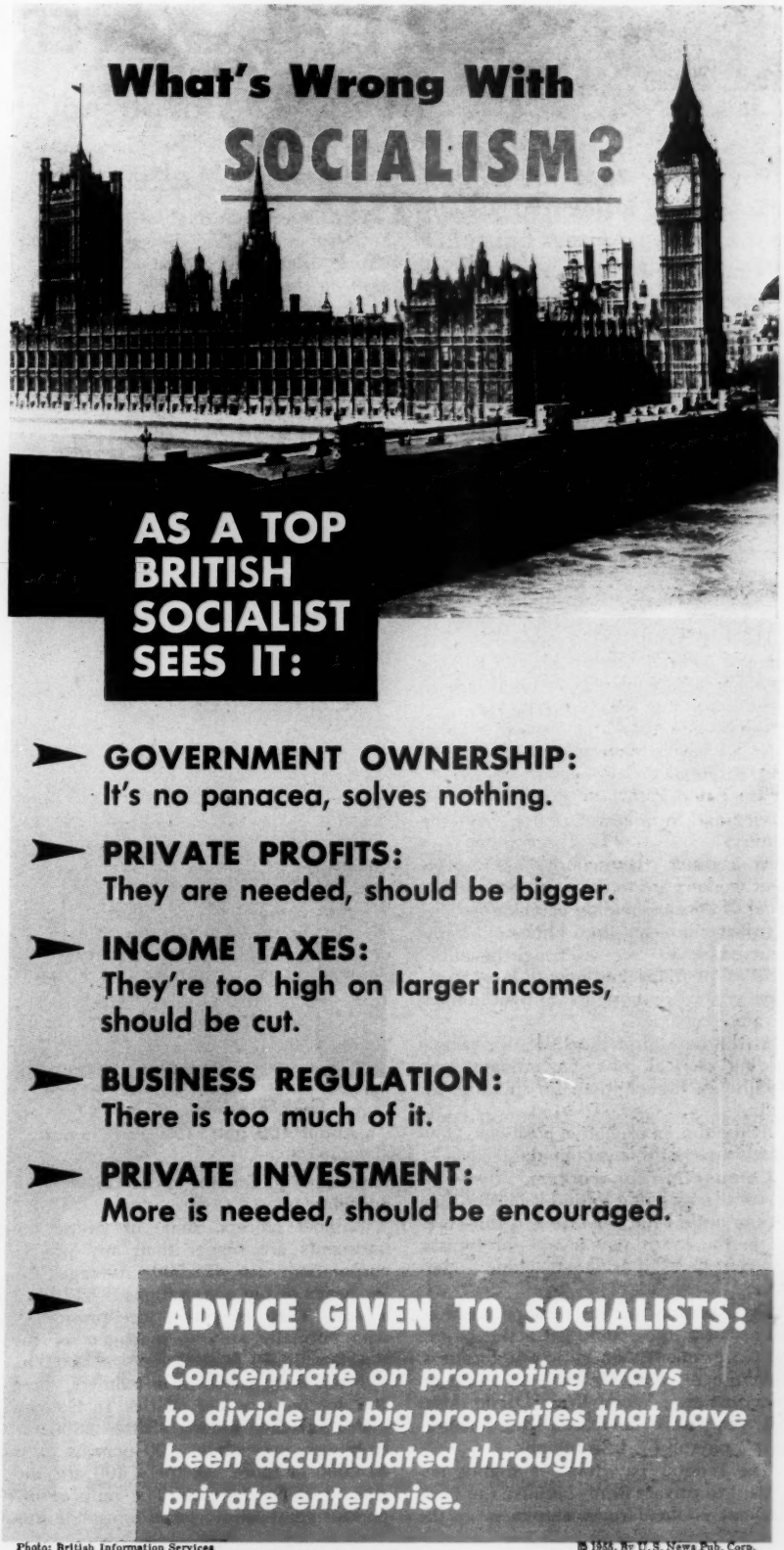

What's Wrong With
SOCIALISM?
AS A TOP BRITISH SOCIALIST SEES IT:
GOVERNMENT OWNERSHIP:
It's no panacea, solves nothing.
PRIVATE PROFITS:
They are needed, should be bigger.
INCOME TAXES:
They're too high on larger incomes, should be cut.
BUSINESS REGULATION:
There is too much of it.
PRIVATE INVESTMENT:
More is needed, should be encouraged.
ADVICE GIVEN TO SOCIALISTS:
Concentrate on promoting ways to divide up big properties that have been accumulated through private enterprise.

Photo: British Information Services
Source: W. Arthur Lewis, in British magazine *Socialist Commentary*

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HOW GOOD IS A GOVERNMENT JOB?

Pay Ahead of Industry Only in Lower Ranks

Pay raises, 1955 round, give U. S. workers an extra 1.25 billions a year, add new appeal to careers in federal service.

Salaries are up now for nearly everybody in Government except those at the top.

For men in executive jobs, Government pay remains far below private pay.

For the general run of workers, it's the other way around.

Government jobs are getting more attractive. Federal pay, like private pay, is going up all along the line.

The latest round of pay raises in Government started early this year with members of Congress and federal judges. Then came the armed forces, followed by the postal service.

Now, to complete the series, President Eisenhower has signed a bill raising the pay of 1,073,000 workers in Civil Service and in other jobs throughout the country.

As a result, the majority of Government workers are to draw salaries at least equal to persons holding comparable jobs in private industry. In addition, Government employes receive "fringe benefits," such as pensions and month-long vacations, which are more liberal than in most private companies.

At the bottom of the scale, for people holding clerical jobs, Government pay usually is higher than in private industry.

At the top, in executive positions, Government pay still lags behind.

Competition for workers. Private industry is now going to find it harder than ever to outbid the Government for workers in the lower pay levels—for typists, stenographers, business-machine operators.

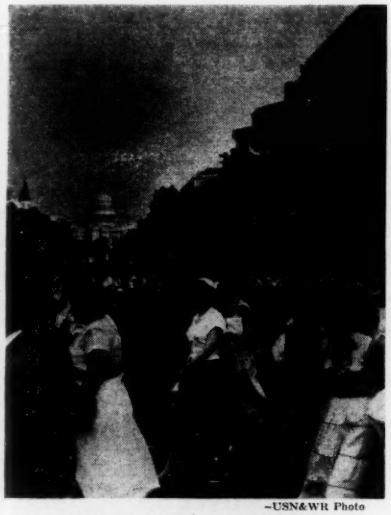
Even before this new salary boost of 7.5 per cent, they could get better pay in the Government than in private business. Government salaries have been going up since just after World War II. The raises this year have increased the Government's payroll by 1.25 billions.

The federal pay level is highly important to private firms, because the Government is the largest employer in the country and is in the market for workers almost everywhere.

For those in the higher pay brackets, industry outbids the Government. This is true of most jobs that pay $5,000 or more in the Government.

The Government offers only one salary that compares to the top incomes in industry. That's the President's. He gets not only his pay of $100,000 a year, but also $50,000 in expenses, $40,000 for travel and entertainment, a mansion, limousines, private yacht, airplanes and other "fringe benefits." All things considered, the President has one of the highest-paid jobs in the country.

But there is a deep drop in salary level from the Presiden down to the men under him who run the great Government agencies.



–USN&WR Photo

GOVERNMENT WORKERS
About 400 get $15,000 or more

Cabinet officers, some of whose departments are bigger than any private corporation, get $22,500. Average pay for heads of big corporations is $120,000 a year. Their executive vice presidents, who normally are the managers of the business, make on the average $80,000.

From there on down in industry, there is a gradual range in salaries. In Government, however, among all the 2,366,000 employes, only about 400 persons draw $15,000 or more. All these 400 are outside the Civil Service. The bulk of important administrators and top-grade professionals, such as engineers and scientists, get salaries ranging between $9,000 and $12,000.

Top federal jobs. Very few career Government employes can hope to earn more than $14,800, the top salary under Civil Service. There are only some 80 persons holding those $14,800 positions. About 75 of them are stationed in Washington, D. C. The other five are scattered among the 80 per cent of all Civil Service employes who work outside the capital.

The 400 jobs at the $15,000 level and above go largely to political appointees of the President. Among them, some ambassadors receive the highest pay, their salaries ranging from $25,000 down to $15,000, according to the importance of their posts.

Professional people in nearly all categories in the Government have less average income than those working on the outside.

Lawyers in Government average $7,960. Those on the outside average $8,700. The highest salary that lawyers make in the Civil Service is $14,800. This is paid to the general counsels of the executive departments. Lawyers with comparable responsibility in industry often make several times this amount.

Physicians in Government average $10,500, compared to the $11,900 average earned by physicians on the outside. The top medical salary in the Government is $16,800, paid to Dr. William S. Middleton, chief medical director of the Veterans' Administration. He probably has more physicians working for him than any other medical man in the world. The Surgeon General of the United States, Dr. Leonard A. Scheele, makes $16,088.

Top-flight engineers in the Government average $9,360 a year. Among top-grade engineers in industry, the average income is $19,600. The average engineer in the Government makes $6,750, while the average engineer in business makes $8,700.

Scientists, who are in great demand, especially for nuclear and electronic work, are given starting salaries in the Government just under those of private industry. But surveys show that scientists who have been out of college and at work for 20 years make an average of $10,000 in industry. In the Civil Service they make $7,856.

"Fringe" benefits. The compensation for Government service, however, is not

(Continued on page 52)

World's Biggest Umbrella!

It takes 120 roustabouts to raise Ringling Bros. and Barnum & Bailey's mammoth tent.

The Big Top is up—a giant spread of canvas covering two acres—brilliant red-white-and-blue invitation to The Greatest Show on Earth.

What goes into the world's biggest umbrella? Each year over 26,000 yards of the finest available canvas. The roofing is a strong tent twill; the sidewalls a tightly woven drill. Every square foot is flame, weather and water resistant.

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GOVERNMENT PAY *VS.* PRIVATE PAY

(typical, per year)

CABINET MEMBER	$22,500	PRESIDENT OF BIG COMPANY	$120,000
HEAD OF BUREAU	$14,800	EXECUTIVE VICE PRESIDENT	$80,000
BUDGET DIRECTOR	$17,500	COMPTROLLER	$35,000
HEAD OF DIVISION	$12,030	PLANT MANAGER	$25,000
TOP-GRADE ENGINEER	$9,360	TOP-GRADE ENGINEER	$19,600
JUNIOR ENGINEER	$4,035	JUNIOR ENGINEER	$4,300
LAWYER	$7,960	PRACTICING LAWYER	$8,700
PHYSICIAN	$10,500	PRACTICING PHYSICIAN	$11,900
PAYROLL CLERK	$3,700	PAYROLL CLERK	$3,200
STENOGRAPHER	$3,400	STENOGRAPHER	$3,000
TYPIST	$3,175	TYPIST	$2,912
DUPLICATING-MACHINE OPERATOR	$2,800	DUPLICATING-MACHINE OPERATOR	$2,600

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all in salary. Many persons choose the Government because of the security it offers and the more relaxed life. That's where the fringe benefits come in.

As an example, this is what these benefits mean to medical men:

A good physician might make twice as much on the outside. But, to do so, he would have to work considerably more than an eight-hour day. He might have to forego all or much of the one-month vacation the Government would give him. He would not get the paid sick leave and the liberal pension and group life insurance plans. He would not have the assurance of a steady, gradually rising income, as in Government.

In the lower pay levels, Government work is attractive because of both fringe benefits and salary.

The typical typist in Government, for instance, under the new pay scale will average $3,175 a year. In industry, she makes $2,912. Her beginning pay in Government will be $57 a week. Yet, in industry, experienced typists average only $56 a week.

Since Government pay is the same all over the country, a Government job is more valuable in some cities than in others. That's because private wage rates for office workers differ widely from city to city. Private firms pay office workers relatively low wages, for example, in Boston, Philadelphia, Atlanta, New Orleans, Minneapolis. They are paid at higher rates than Government workers in some cities, such as Chicago, Detroit, Los Angeles.

Cause of wage gap. Why does the Government pay its lower-bracket employes more than private industry?

It has been the habit of Congress through the years to grant salary boosts to the millions of lower-level workers, while giving less to the thousands in the upper grades. The gap between the highest and lowest salaries has been closing all the time. The lowest-paid workers have been raised 125 per cent since 1939, yet the top-grade people have been raised only about 35 per cent in that period.

Many members of Congress, however, now want to increase the pay of the upper-level people. The Administration is preparing a measure which would accomplish this. Exactly who would be included in this proposed new raise has not been announced. The President, Cabinet officers and other high officials got their latest increase in 1949.

To the mass of Government workers, however, the public service looks more appealing than ever. The raise will enable them to receive from $180 to $1,005 more than they did last year. But, to the small group which can fill top positions, working for the Government is no way to get rich.

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NO COSTLY CORROSION!

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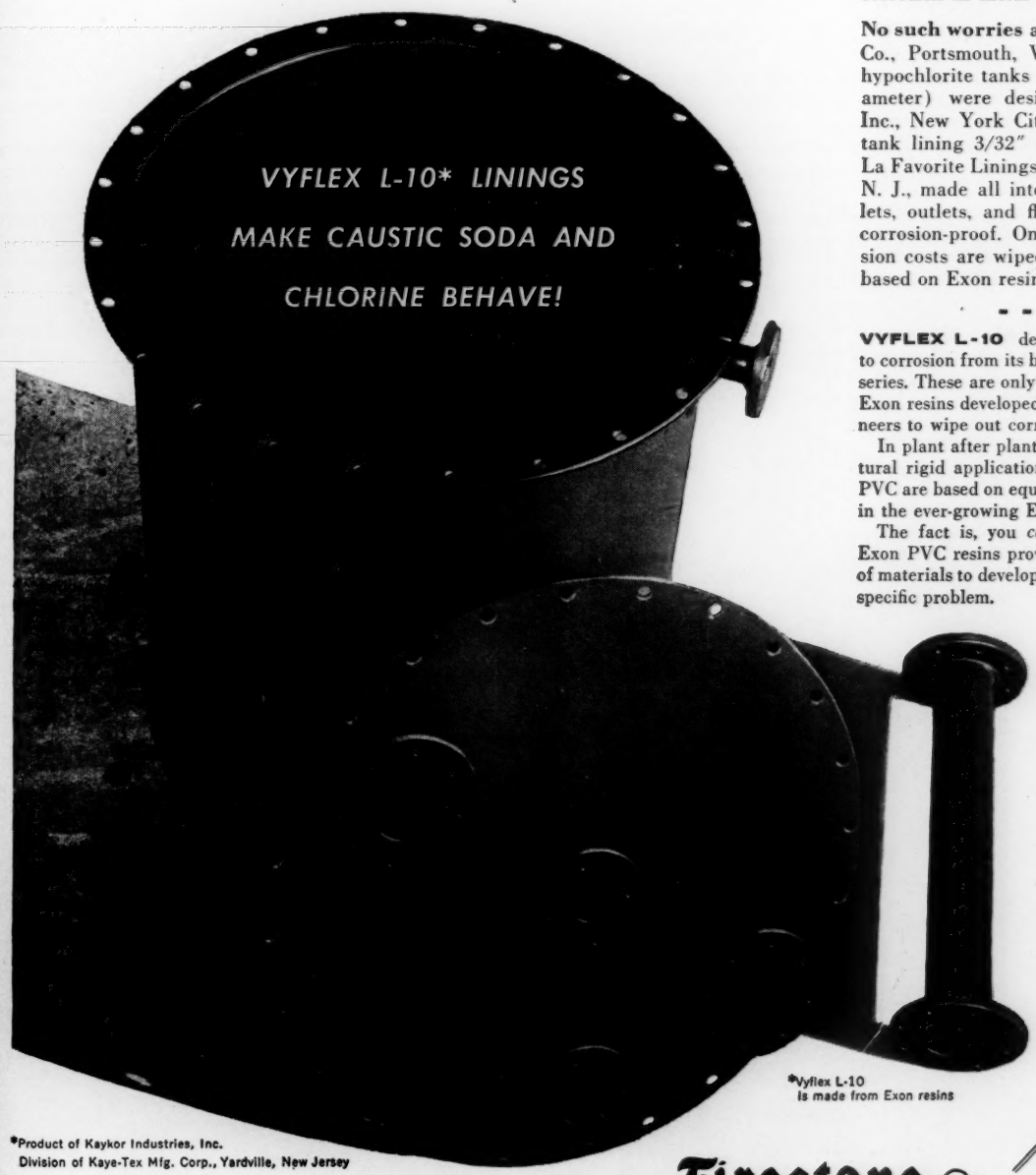
No such worries at Murro Chemical Co., Portsmouth, Va. Their sodium hypochlorite tanks (4′ high, 3′ in diameter) were designed by Amroc, Inc., New York City. A Vyflex L-10 tank lining 3/32″ thick, applied by La Favorite Linings, Inc., Hawthorne, N. J., made all interior surfaces, inlets, outlets, and flange connections corrosion-proof. Once again—corrosion costs are wiped out by material based on Exon resins.



VYFLEX L-10 derives its immunity to corrosion from its base resin, Exon 900 series. These are only a part of the many Exon resins developed by Firestone engineers to wipe out corrosion costs.

In plant after plant, lightweight structural rigid applications of unplasticized PVC are based on equally effective resins in the ever-growing EXON line.

The fact is, you *can* stop corrosion! Exon PVC resins provide a wide variety of materials to develop the answer to your specific problem.

*Vyflex L-10 is made from Exon resins

*Product of Kaykor Industries, Inc. Division of Kaye-Tex Mfg. Corp., Yardville, New Jersey

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PHOTO REPORT:

No. 2 White House—or School?

A BEAUTIFUL ESTATE in the heart of residential Washington is being offered to the U.S. Government. The offer is from Joseph E. Davies, 78, former Ambassador to Russia and Belgium, and adviser to President Truman at the Potsdam Conference with Churchill and Stalin.

If this offer is accepted, the Government can use the estate, "Tregaron," in either of two ways.

On death of Mr. Davies, Tregaron can become a school for graduate students in international affairs. That is what Mr. Davies prefers. The property can house 50 or 60 persons in its 20-room mansion and other buildings.

Or the estate can be made into the residence of U.S. Vice Presidents—a sort of No. 2 White House.

A Vice President would gain a home designed for large-scale entertaining. This mansion sits in the midst of some of the country's most beautiful gardens. On its 21 manicured acres is a 9-hole golf course that places in the shade the putting green that President Eisenhower enjoys at the White House. The plan calls for the mansion and 5 acres to go to the Government, along with much of the famous Davies collection of Imperial Russian paintings and *objets d'art*.

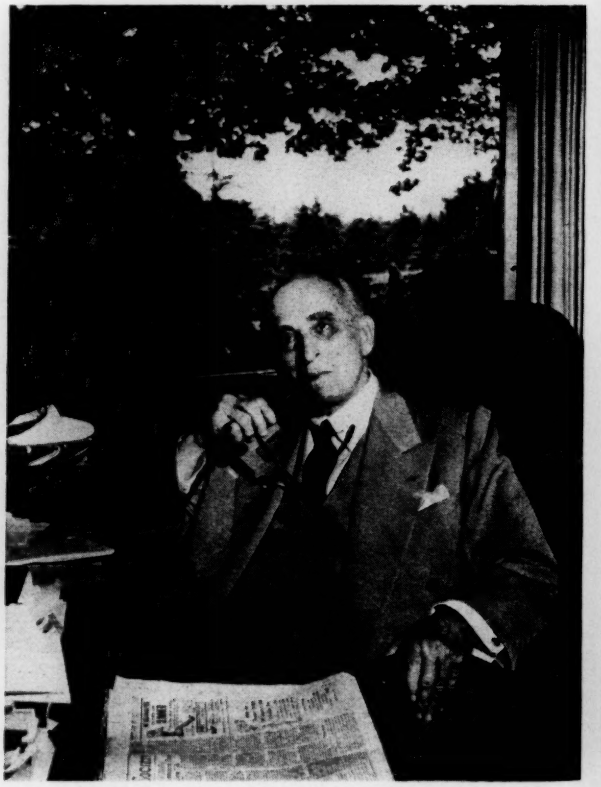
If it accepts the Davies offer for either purpose outlined, the Government will be fulfilling an idea first advanced many years ago.

It was in 1916 that the idea of a foreign-study school in Washington was first advanced by a group of eminent college presidents. Their plan recently was brought to Mr. Davies's attention by officials of the Library of Congress. The current plan calls for the Congressional Library to co-operate with a group of universities in establishing the school.

If, however, Congress prefers a vice-presidential mansion to a school for future diplomats, it again will be adopting a time-honored idea. The Government often has been urged to build a Vice President's residence. In 1923, the widow of a U. S. Senator actually built a home and tried unsuccessfully to sell it to the Government for that use.

Mr. Davies's offer differs from previous ones in an important respect. Under the terms of his will, the Government could obtain a handsome residence, free.

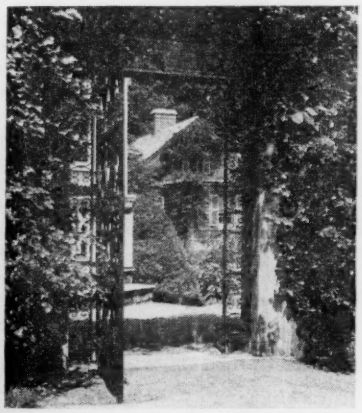
THE "DACHA," MODELED AFTER A RUSSIAN COTTAGE . . .



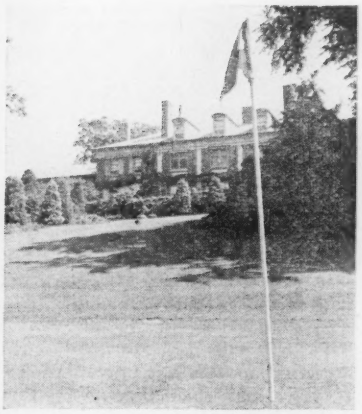
. . . NOW IS USED AS AN OFFICE BY MR. DAVIES

—All photos: USN&WR

TREGARON'S MANSION PERCHES ON A HILLTOP



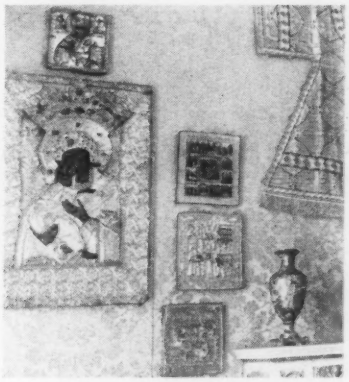
A GARDEN GATE



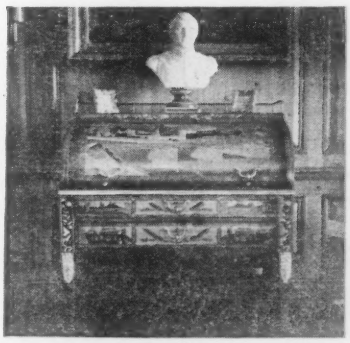
NINE-HOLE GOLF COURSE

"DACHA" WALLS ARE LINED WITH RUSSIAN PAINTINGS

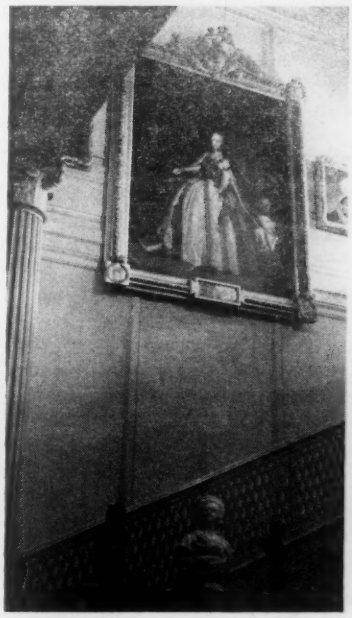
FROM THE DAVIES COLLECTION:



Icons and a priest's robe are relics of Imperial Russia



Desk, with inlay scene of Kremlin, belonged to Catherine the Great



This portrait of Catherine was found by Mr. Davies in Paris, France

THE MAN ..Senator Byrd **THE NEWS** ..An Elusive Goal

The Fight Against Debt: A One-Man Crusade

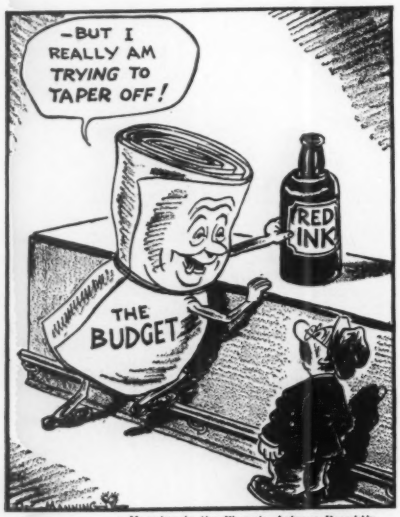
A new fiscal year; another unbalanced budget. That's how Senator Byrd reads the news and he doesn't like it. For the future, he's making some new rules to prod the Treasury.

—USN&WR Photo

HARRY FLOOD BYRD is witnessing the advent of a new fiscal year—and still the federal budget is unbalanced. To Mr. Byrd, this is the repetition of an old tragedy. He regards the situation as a continuing threat to the nation.

For 20 years, the Virginia Senator needled the Democrats, his own party, trying to get them to bring spending into line with income. Save for a short interval under Harry S. Truman, he had little success.

When Republicans came in, what with campaign promises and such things, Mr. Byrd hoped that his old dream of a balanced budget would come true. George M. Humphrey, a personal friend, became Secretary of the Treasury. There was a great deal in the Eisenhower program of which Mr. Byrd approved.



—Manning in the Phoenix Arizona Republic

"IT AIN'T EASY—"
Year after fiscal year . . .

Now, two fiscal years have gone by and the Government books still are in the red. For the second year in succession, Mr. Byrd heard appeals from Mr. Humphrey that the ceiling on the public debt be held at 281 billion dollars so that the Government can borrow enough money to tide it over a few shortage periods during the next year.

Indeed, that was the way the old fiscal year went out, in the midst of these hearings. The situation being what it is, Mr. Byrd agreed to the action. But he made it clear that the debt must be pulled down by this time next year or the Treasury must be prepared to explain why it has not been done.

Power. The fact that Mr. Byrd is chairman of the Senate Finance Committee gave added weight to his words. The Treasury will have to deal with him in getting any tax reduction through Congress. He may easily be the biggest stumbling block. His experience with State and federal fiscal policies goes back for 40 years to the days when he was in the Virginia Legislature. He always has held that no government should live beyond its income.

There have been times in the Senate when Mr. Byrd has stood alone in his fight against spending. He has not always been popular. On matters of fiscal policy, he probably has voted with Republicans as often as with his own party. He has stood against tax cuts when tax cuts were popular. He has voted against appropriations he regarded as unnecessary even when his home State of Virginia was involved. Senators may not always agree with him, but they do listen to him with respect.

The Senator sees many dangers in the present situation. If the boom should burst, Government income would go down sharply. For each dollar of national income that is lost, the Senator figures, the Government would lose 27 cents in taxes. But with appropriations running as they are, federal spending would continue high. And the budget would get further out of balance.

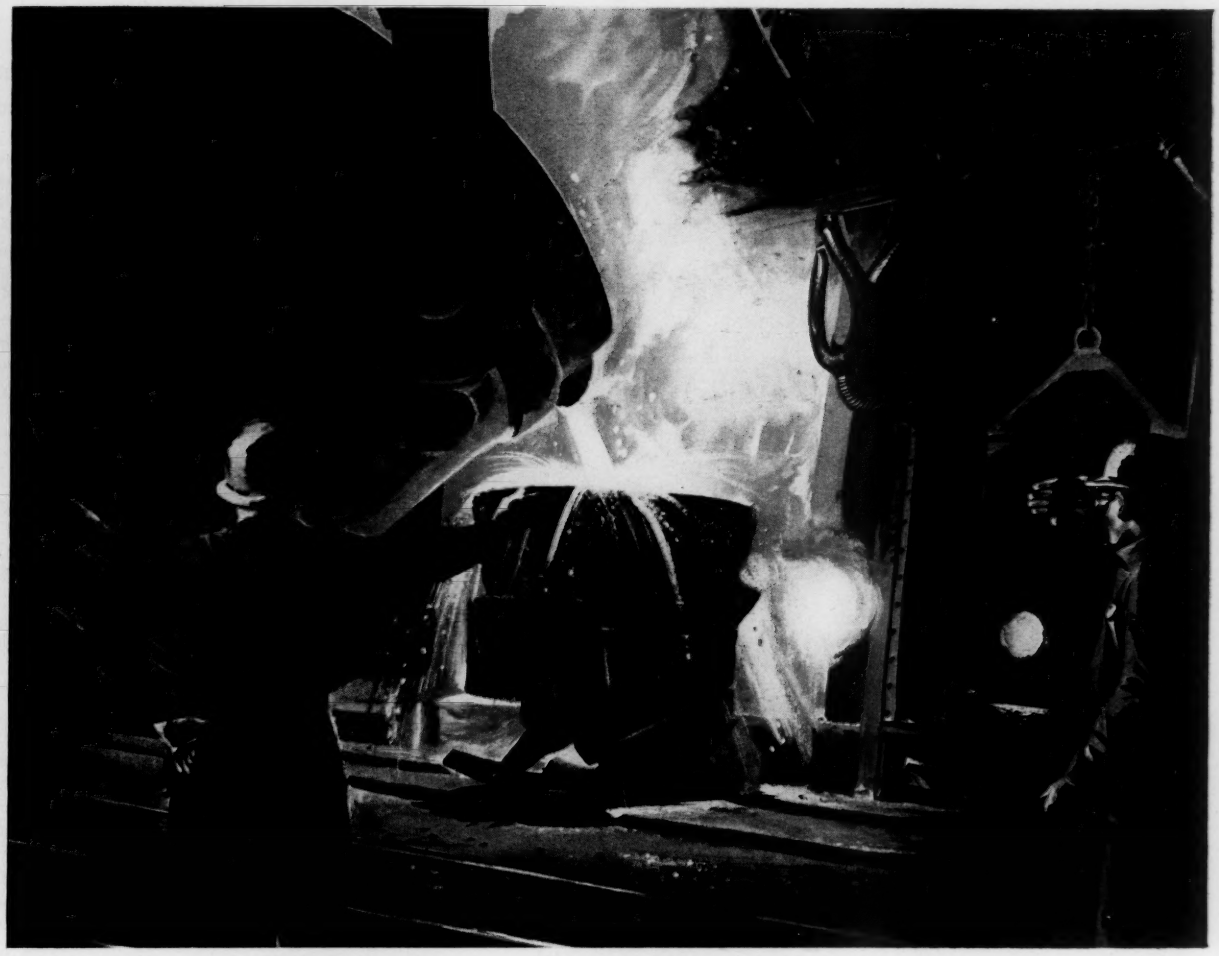
Moreover, as Senator Byrd views the situation, Congress steadily is losing its control of fiscal affairs. He would like to see a tighter rein drawn over the handling of appropriation bills, and a closer check by Congress on the way the executive departments spend their money.

Nevertheless, the Senator does not regard the present situation as too bad. Although, he says, the Government wound up the fiscal year 2.4 billions worse off than it was a year ago, he figures that there is only a 4 per cent

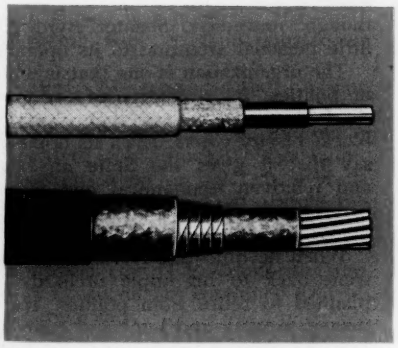
(Continued on page 58)

—Yoes in the San Diego Union

"HIGH ENOUGH"
. . . it keeps going up



Magic in the mill



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A giant ladle swings into position, in front of an open hearth furnace. Massive sliding doors go up. Flames leap out. The ladle tilts—and liquid iron flows down into the fiery depths—to join limestone and scrap in the making of steel.

Back of it all is the unseen magic of electricity. The crane that totes the big ladle, the charging machine that feeds the furnace, the motor that lifts the heavy door . . . all these "mechanized steelmen" are electrically controlled and powered.

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"Next trip, take the pressure off... relax in the ease and comfort of Pullman!

"He's a bundle of nerves—and no wonder! The way that man works—always on the move from morning till night—on the go so much of the time—I'm surprised he can keep it up!

"Of course, he *should* know better!

"I think I'll tell him. Tell him there's *one* place where he can relax in a world of peace and quiet—shed tension and worry as he travels—without fighting traffic or weather. And that's in a *Pullman!*"

If you're important to your family and business, *relax*—make that next trip an overnight *vacation* by Pullman. Enjoy complete privacy. Service at your fingertips. Wonderful, hot, freshly cooked meals. On-time arrival in the heart of town with a "rent-a-car" reserved for you, if you wish. Enjoy the peace of mind that goes with America's finest, safest, surest, most comfortable and dependable form of travel—*Pullman!*

RELAX from the moment you step aboard. Shrug off business tension. Forget highway traffic hazards and weather in a modern Pullman car—a famous hotel on wheels!

RELAX and enjoy the companionship of others, if you wish, in the friendly club car. Everything is designed for your personal pleasure!

You're safe and sure when you travel by **Pullman**

©1955, The Pullman Company

Mr. Byrd got early start at balancing budgets . . .

gap between the estimates for income and outgo for next year. "Four per cent ought not to be hard to make up," he says.

The beginnings. Mr. Byrd's interest in budget balancing goes back to his first job, trying to balance the books of a family-owned newspaper that was close to bankruptcy. He succeeded in this job, turned to raising apples and developed the biggest privately owned apple orchards in the world.

At 27, Mr. Byrd moved into the Virginia State Senate. That was in 1915. He went to work almost immediately on the Finance Committee and has never lost his interest in that field. In politics, he moved up swiftly: chairman of the State Democratic Committee at 33; Governor of Virginia at 38.

As Governor, Mr. Byrd gave Virginia the biggest shake-up its State Government has ever had. He abolished 99 commissioners of revenue, trimmed 100-odd agencies and bureaus of the State Government down to a dozen. In the whittling, he saved the State $400,000, which was quite a sum in those days.

Governor Byrd overhauled county governments as well as that of the State. He revised the tax structure, built roads and schools, made a bid for new industries, put through an antilynching bill. Pay-as-you-go was a controlling principle of Mr. Byrd even then.

"Byrd machine." Along his way through Virginia politics, Mr. Byrd developed a political organization that is called "the Byrd machine." It still is the most powerful force in Virginia, although, nowadays, Senator Byrd gives little personal attention to its operation.

The organization is one that is unique in politics. Its strength rests upon the rural electorate rather than upon big blocks of city voters. Even its opponents say that it gives the State an honest and relatively economical and efficient Government. Their biggest complaint is that it is not "progressive" enough.

When he quit as Governor, Mr. Byrd went back to his apple orchards and planned to retire from politics. He expected to work and hunt and enjoy life. But the election of Franklin D. Roosevelt in 1932 moved Senator Claude A. Swanson into the job of Secretary of the Navy. Mr. Byrd was named in 1933 to take Mr. Swanson's post in the Senate. And he has been in Washington ever since, trying to drive one party or the other into balancing the federal budget.

The fact that the Roosevelt program was popular did not win for it the support of Senator Byrd when he disagreed.

. . . True to principles, Senator rejects $144,000

He backed away from New Deal spending and from steps that he regarded as threats to States' rights. A good many hard words were said about him. A few of the milder ones were "ultraconservative" and "reactionary."

Preaching, practicing. In private, the Senator stuck by his principles just as firmly as in public. Eighteen years ago, a soil-conservation program went into effect to provide payments to farmers who follow certain rules laid down by the Agriculture Department. The Senator was eligible to receive the payments on the lands that he has in his big Shenandoah Valley orchards.

Senator Byrd turned down the money. In his case, the payments would have run to about $8,000 a year. In the 18 years, he might have collected around $144,000. His own view on the matter, however, is that a Senator should not take any money from the Government except his salary. He has stood by that view.

While he differed with President Roosevelt and President Truman on domestic and spending policies, Mr. Byrd has gone along with much of the foreign program of both the Democratic and the Republican Administrations. He always has been defense-minded, and for years has been a member of the Armed Services Committee. His three sons went into the armed forces right after Pearl Harbor.

Yet, on foreign policy as on other things, the Senator voted his own mind. The points at which he most often held back were those on which big-scale American spending for the benefit of foreign nations was involved. His mind keeps going back to that unbalanced budget.

In 1941, Congress created a Joint Committee on the Reduction of Nonessential Federal Expenditures and made Senator Byrd its chairman. This gave him a chance to keep an eye on over-all spending programs and to watch for weak spots. Through the years, he has continued to bring them to light. Even in Republican-controlled Congresses, the Virginia Democrat has continued to hold the chairmanship.

The Senator rarely loses his temper, and even those who disagree with him find it hard to dislike him. His speeches are noted more for reason, logic and fact than for their epithetic content.

Respect. There is never any question about the attention Senator Byrd gets in the Senate, however. Whether or not they intend to balance the budget, Senators listen to the Virginian respectfully. They know that he knows his subject.

This view in the Board of Directors Room of the recently completed general offices of the Brown Shoe Company, St. Louis, Mo., shows how Permacoustic provides a ceiling that is beautiful and acoustically functional.

A beautiful Solution

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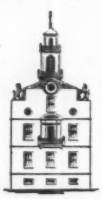
DECLARES ITS

123rd Consecutive Dividend

25 cents a share, from net income, payable July 26 to shareholders of record June 30, 1955.



ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston

We've Been Asked:

WHAT FARMERS VOTED FOR

- **Wheat farmers, faced with a billion-bushel surplus, accept controls to keep price props up.**
- **Outlook for the future: at least 10 years of rigid controls to whittle down the surplus.**

What, exactly, have farmers just voted to do?

They've voted to accept tight controls on the 1956 wheat crop in return for a support price of $1.81 a bushel.

What would have happened if farmers had decided not to accept tight controls?

The support price would have dropped to $1.19 a bushel. Controls would have been relaxed in that there would have been no penalty for overplanting acreage allotments, other than loss of support-price privileges. Under the tight controls, there is a penalty of $1.07 on every bushel the farmer grows on acreage in excess of his allotment.

Why did farmers have to vote on wheat controls?

Because the federal farm law states that when supplies of wheat go above a normal level, farmers must decide whether to accept tight controls on production. The billion bushels of wheat now on hand is far above a normal supply.

Does the acceptance of tight controls mean farmers are opposed to Secretary of Agriculture Benson's program?

No, nor does it mean they are for it. Their vote simply means that the majority of those voting—77½ per cent—felt they could make more money by sticking with the tight controls.

Just how strict are these controls?

This can be shown by comparing 1956 with 1953, the last year in which farmers grew wheat free from controls. That year they planted nearly 79 million acres and received a support price of $2.21 a bushel. The acreage for 1956 has been cut to a national allotment of 55 million acres and the support price is $1.81 a bushel. Thus, in three years, the average wheatgrower will have taken an acreage cut of 30 per cent and a drop of 40 cents a bushel in the federal price support.

Can farmers plant the land taken out of wheat to other crops?

Yes, but this diverted land is causing headaches, too. The wheat-belt farmer's crops are limited by soil and climate. Sorghum is about the only other cash crop he can turn to, and surpluses of it are piling up.

In the corn belt, where considerable wheat is grown, too, soil and climate give the farmer a variety of crops that do well, but many of them are in surplus supply. Corn is now under limited production controls. Soybeans are usually considered the next-most-profitable crop, but there is a surplus of soybeans, too. Virtually everywhere the farmer turns he finds surpluses building up.

Will a lower price increase consumption of wheat enough to cut the surplus?

Economists look for little, if any, increase in the consumption of wheat as flour. In fact, U. S. per capita consumption of flour has been declining steadily since 1910. People are just eating less bread and pastries. Wheat exports, too, will be hard to increase. Government still will have to pay a subsidy on each bushel exported, despite the lower support price. There may be some increase in the amount of wheat fed to livestock in areas where corn is relatively high-priced. But corn, on the average, will continue to be a much cheaper feed.

Will the lower price make bread any cheaper?

Probably not. Most of the costs in a loaf of bread are added after wheat leaves the farm. Economists say there is about 3 cents' worth of wheat in an 18-cent loaf of bread. So even a sizable drop in the price of wheat has little effect on the cost of a loaf of bread.

How long will it take to get rid of the wheat surplus?

Secretary Benson recently indicated it might take as long as a decade to get wheat stocks down to a desirable level, assuming the present rigid controls are kept in force. If average yields prevail this year, the billion-bushel supply will be reduced by 50 million bushels by July 1, 1956. At this rate, it would take 10 years to get stocks down to half a billion bushels. Four more years would be needed to get them down to about the 1944-53 average.

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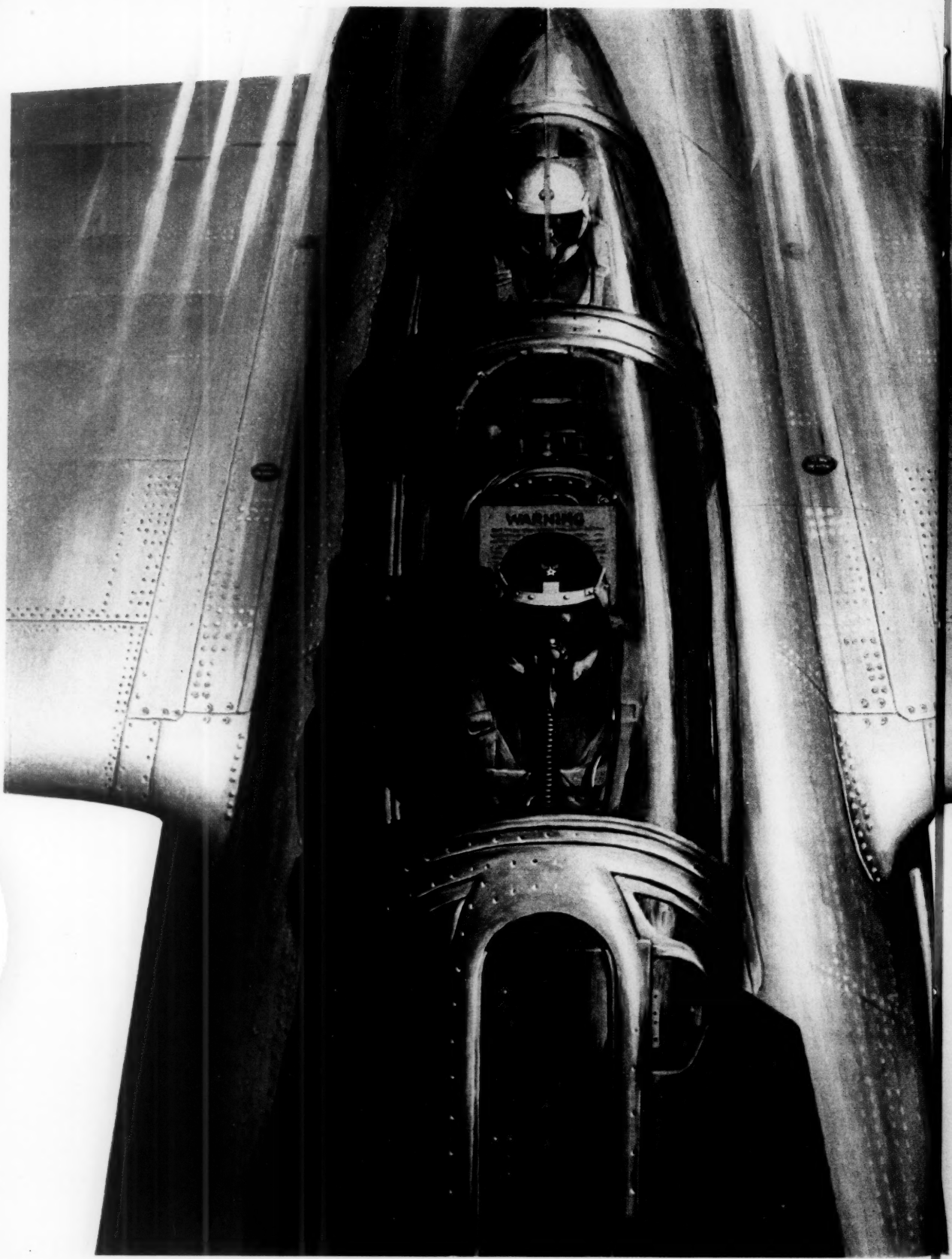
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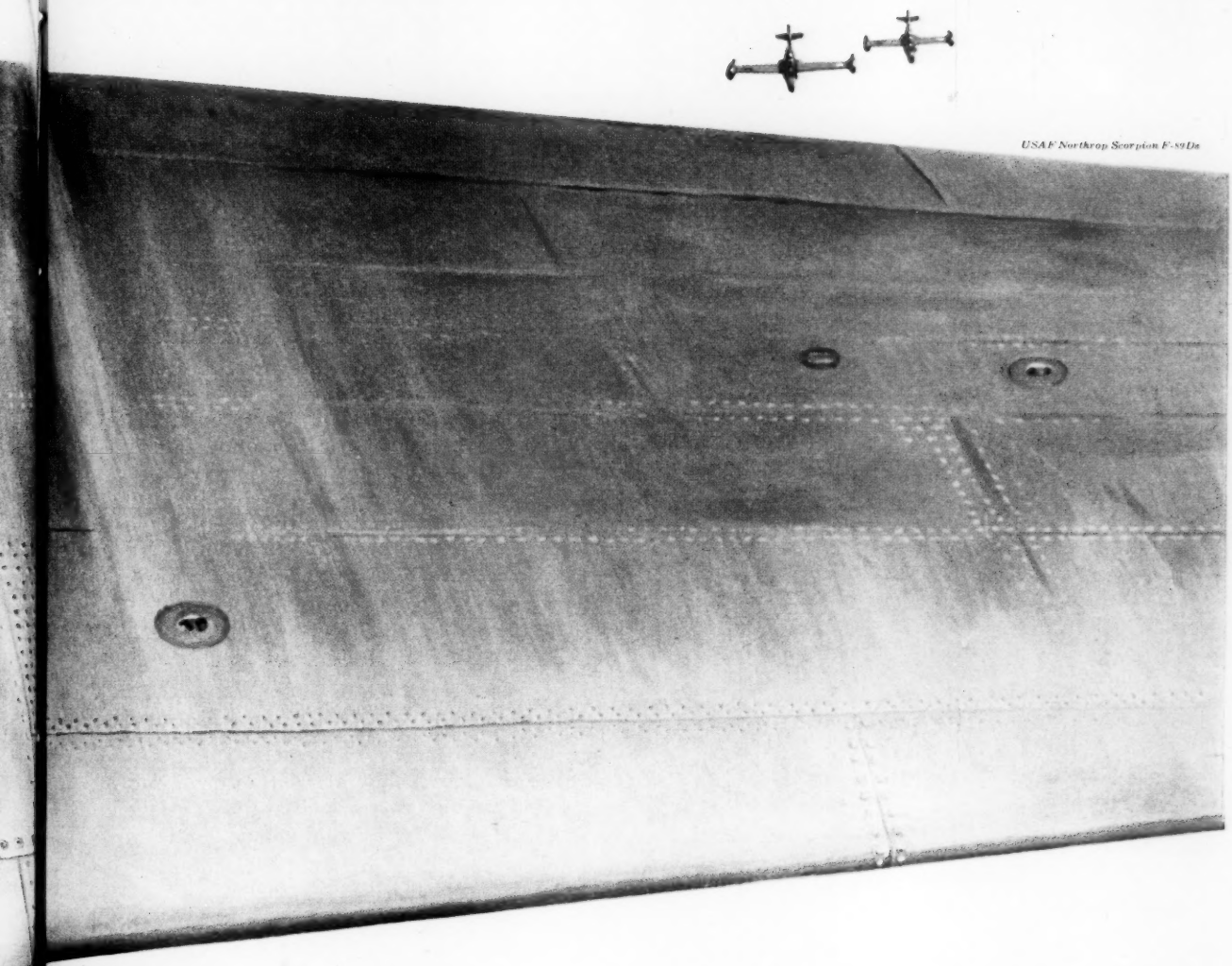

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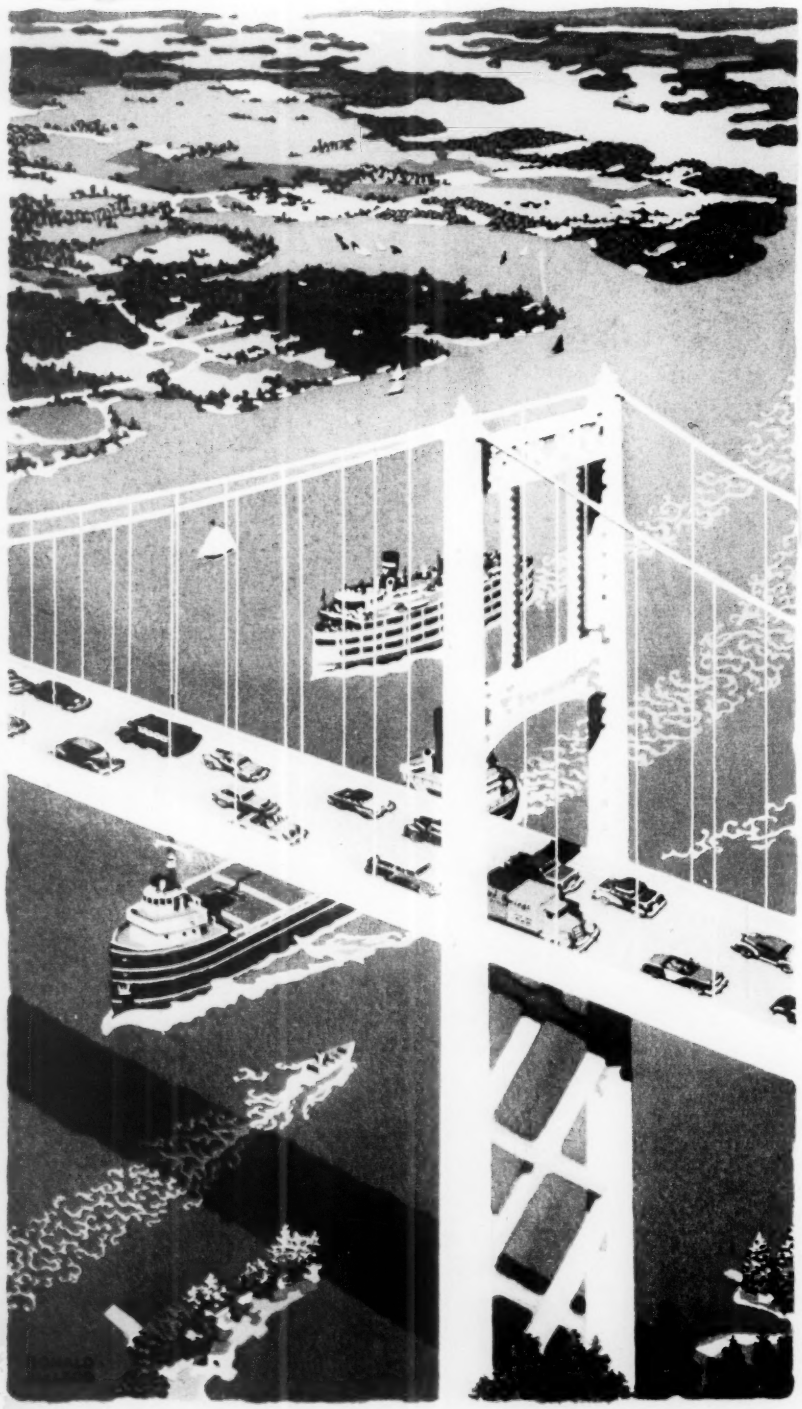

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If you'd like to know more about what Upstate can offer *you,* write Earle J. Machold, President, Niagara Mohawk Power Corporation, Syracuse, N. Y.

The New York State Thruway flows through the heart of the Niagara Mohawk System—a growing area that has "everything", including some of the world's most beautiful vacationlands, typified by the famous Thousand Islands pictured at left.

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News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D. C.

A lot of questioning, a lot of confusion, arises out of deferment changes in the draft law just signed by the President. To clear things up:

DEFERMENTS. In extending the draft for four more years, Congress wrote in provisions that change the draft liability of a good many youths. For example, young men joining the National Guard before 18½ can get deferred as long as they remain in the Guard, until their 28th birthday. Then they become draftproof. Under the old law, they had to stay in until 35. The new, lower limit applies to those already in the Guard, as well as those joining in the future.

Farm youths also are helped a bit. Local boards now cannot take the position that working to produce a surplus crop--wheat, for instance--isn't an essential agricultural activity and for this reason turn down a deferment request.

CHANCES OF BEING DRAFTED. Most deferment rules remain unchanged. Youths with college deferments still will be draft-liable until age 35.

Men deferred for physical reasons also will remain subject to draft until 35. A proposal to end draft liability of 4-F's at age 26 was rejected.

There is this to remember, however: Draft calls are low. Volunteers almost fill quotas. Chances of a boy's being drafted are currently about 1 in 15. What has to be weighed, then, is whether to get service over by volunteering, or take chances on having a career interrupted by the draft.

CHARITABLE PLEDGES. The Internal Revenue Service answers an income tax question about pledges you make to a charitable organization. The question arises when you promise to donate a certain number of dollars to the charity, but fulfill your pledge by giving a piece of property instead. If the property has gained in value since you acquired it, must you report that gain for tax purposes? If it has lost in value, can you claim a deduction for that loss?

The answer is "No" in both cases, IRS says. You can deduct, as a contribution, the property's value at the time of the gift; the fact that you paid your pledge in property instead of dollars doesn't give rise to a tax gain or loss.

SOCIAL SECURITY. Questions we get show misunderstanding about a point on the Social Security disability freeze. Its provisions apply to people who become disabled before they reach age 65, not afterwards. Thus people who are totally disabled, and have years of little or no earnings, aren't penalized by later having to count those years in figuring the size of their Social Security

(over)

benefits. People who start drawing benefits at 65, and later become disabled, already have had benefits figured on the maximum amount.

BACK-YARD POOLS. This for people with the new "family size" plastic pools who want to cut down on refilling: Public-health authorities advise that the water can be kept pure with chlorination and free from slime-forming organisms with copper sulfate or other commercial algaecides. Amounts to use depend on conditions--it's better to add a little several times a day than a lot in one dose.

Eye irritation can be kept down by offsetting the acidity that comes from chlorination. Most commonly-used chemical for this purpose is soda ash. You can buy it--and the other pool-treatment chemicals--from drug-supply houses.

Proper chlorine level is from 0.4 to 0.6 parts per million parts of water. Test kits to measure this and the alkalinity level are available from water-treatment concerns, or your local health officer can tell you where to buy one.

DAVY CROCKETT CAPS. A warning about cheap, imitation coonskin Davy Crockett hats now being sold in some cities is voiced by the New York State director of safety. The caps, made of shredded paper, are dangerously inflammable.

TEACHER TRAVEL. Expenses for study and travel of a teacher who goes abroad on sabbatical leave may be deductible for income tax purposes, the federal tax collector rules. The deciding factor is whether such study is required by the school at which the individual teaches. If it is merely encouraged, the expenses are likely to be ruled as personal and nondeductible.

HURRICANES. Note this if you live in a coastal area where hurricanes sweep: The U.S. Weather Bureau has a film titled "Operation Hurricane" which offers tips on steps to take to get maximum protection against these ocean-born storms. You can get the film for showings to clubs, to civic groups or in schools by asking at your nearest Weather Bureau office.

GOVERNMENT LAND. The Department of Interior sets up a new rule to help protect people from being taken in by misleading advertising about cheap Government land. From now on, you'll have to certify that you personally have inspected the neighborhood of the tract for which you apply. Reason is, Interior explains, that some advertising misrepresents the location of the land and implies you can get 5 acres just by filing an application. Reputable land-locating agencies can be helpful in spotting available tracts--mostly Western desert lands, Interior says. But be wary of ads that do not make clear the many requirements you must meet before such land actually becomes yours, it adds.

INCOME TAX. You can't claim a tax deduction for the loss of expected income which failed to materialize, the federal tax collector says again in a new ruling. Case involved a taxpayer who held bonds beyond the date on which they stopped drawing interest; he tried to claim a loss for interest that would have been earned had he cashed the bonds at maturity and reinvested the proceeds.

INSECTS. Bothered by mosquitoes? The Department of Agriculture has a new leaflet "Mosquitoes--How To Control Them on Your Property." Single copies free from the Office of Information, USDA, Washington 25, D. C.

Why wait until your income improves to give your family the protection they need today?

Now—this New York Life policy provides permanent life insurance at a lower rate for the first 3 years!

TODAY

You can apply for $5,000 or more life insurance protection for your family at a low rate. Physical examination may not be necessary if you're in good health and between the ages of 10 and 40.

3 YEARS FROM NOW

—the premium increases by about 18%. However, dividends can then be used to reduce premium payments so the net outlay could be substantially less. And cash values continue to grow.

New York Life has a policy that lets you buy a substantial amount of *permanent* life insurance right now at a low rate. Then, at the end of the third year, when you'll probably be in a better financial position, the premium rate increases. But at the same time, dividends you receive could be sufficient to offset the premium increase.

We call this modern policy "Life Modified Three"—"LM-3" for short. It makes it easier for any up-and-coming man to get the life insurance he needs before he's reached his full earning power. And by taking it out now, there's the added advantage of the lower premium rates in effect for younger men. What's more, LM-3 builds generous cash and loan values—available for any emergency. And if you're in good health, and between the ages of 10 and 40, you may not have to take a physical examination.

Ask your New York Life agent about this budget-wise new LM-3 policy—or mail the coupon today! LM-3 is available throughout the U. S., Hawaii, Alaska and Canada. New York Life is 110 years old and is one of the strongest legal reserve life insurance companies in the world.

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Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

MONEY TURNOVER BIGGEST EVER

The nation's bankbooks show how good the times are in America. People are writing more checks than ever before.

This well-known gauge of business now reflects mounting optimism, an eagerness to spend and to invest.

The boom in business is reflecting a mood of "easy come, easy go" in households, stores, factories and banks all over the country.

People are writing more checks on their bank accounts than ever before, nearly 2 trillion dollars' worth of checks a year. Checks are being signed with abandon for all kinds of goods, services, stocks and real estate.

Along with the steady rise in spending, there is a quickening pace of speculation, which also shows up in the check-writing figures. Money is flowing more freely now than at any time since the boom-and-bust period of 1929.

This trend is traced in the chart on page 69, which indicates the rate at which money is turning over in six major cities. In a year's time, checks are being written for about 27 times the amount of money on deposit in these cities' banks in checking accounts of corporations and of individuals.

Another way of putting it is that funds in these accounts are changing hands, on the average, 27 times a year.

That rate of turnover has been stepping up sharply since last summer, as the boom in business has gained momentum and spread through the country from one industry to another.

Figures compiled by the Federal Reserve Board for 337 other cities reveal a similar trend, though funds are not changing hands as rapidly there as in the six major cities shown by the chart. Big cities normally have the highest rate of activity.

New York, as the nation's biggest financial center, naturally has the fastest pace of all. On the average, money in checking accounts there is changing hands about 44 times a year. Trading in stocks and commodities of all kinds helps to keep the tide there higher than in the rest of the nation.

New Deal trend reversed. This faster turnover of funds, caused by people freely lending, borrowing and spending, was sought, in vain, all during the New Deal era. Now, at long last, it has come about.

Sluggishness of money in the 1930s was regarded by many economists as a barrier to recovery from the depression. The Government, through new federal programs and deficits, had brought about a big increase in the amount of bank deposits and money, but people weren't putting it to work actively enough to eliminate the great unemployment of those times.

Looking back, the economists and Government planners saw and envied the roaring rate of the 1920s. In 1929, checking accounts in New York City banks were turning over no fewer than 124 times a year; in 1928, the turnover rate had been 106 times a year. The stock market was a big factor in that phenomenal pace.

Outside the big city, in the prosperous era, funds also were flowing freely. A fast turnover of money came to be regarded as a sign of economic health.

During the depression, this sign was conspicuously lacking. Money slowed down year after year. By 1940, the New York bank accounts were turning over fewer than 18 times a year. Everywhere, money was sluggish; consumers were slow to part with their pay or take on debts. Government measures regarded as unfriendly to business tended to make companies and investors cautious, too.

—United Press

IN THE BANKS
More checks—more boom

Since the end of World War II, the pulse of business has quickened rather steadily, with only minor interruptions. The current boom, the latest phase of a decade of growth, is being marked by a rather sharp pickup in the flow of funds.

What the money goes for. Now, business is spending at a near-record rate for plant and equipment. By the end of the year, the previous peak for this type of capital investment is expected to be surpassed.

Then, companies are likely to be pouring out more than 30 billion dollars a year for new factories, offices, machines, railroad equipment and the like. That would be an increase of about 4.5 billions since the beginning of 1955.

To pay for this increase, corporations will be writing more checks, drawing more actively on their bank deposits.

Spending for supplies of raw materials and finished goods also is heavy throughout industry. Manufacturers are buying all the steel, copper, aluminum and zinc they can lay hands on. Wholesalers and retailers are laying in supplies.

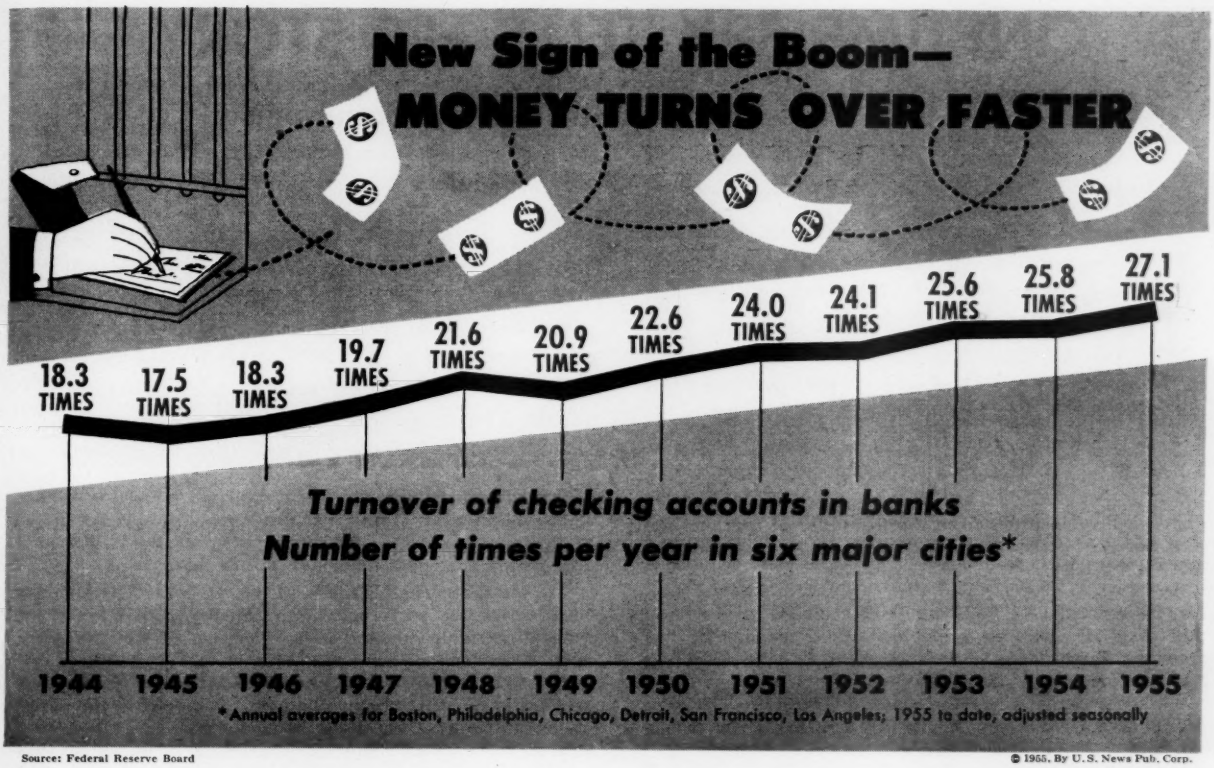
Government figures indicate the department stores are placing 12 per cent heavier orders for goods than a year ago.

Trend to heavy inventories. In business as a whole there is a tendency to load up with goods somewhat faster than they are being resold. Inventories are being looked on as a sign of strength, rather than weakness, because of confidence over future sales. Additional spending involved in building up inventories comes to more than a billion dollars a year.

At the same time, business is paying out more money than ever in salaries, wages, contributions to pension funds and for other "fringe" benefits for employes.

All this involves a more active use of corporations' bank accounts. That is more reason why money is changing hands so rapidly.

Meanwhile, consumers, too, are finding that money comes easily and goes quickly. They are buying goods at a rate of 155 billions a year, an increase of close to 9 billions in a year's time.


New Sign of the Boom—
MONEY TURNS OVER FASTER
18.3 TIMES
17.5 TIMES
18.3 TIMES
19.7 TIMES
21.6 TIMES
20.9 TIMES
22.6 TIMES
24.0 TIMES
24.1 TIMES
25.6 TIMES
25.8 TIMES
27.1 TIMES
Turnover of checking accounts in banks
Number of times per year in six major cities*
1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955
*Annual averages for Boston, Philadelphia, Chicago, Detroit, San Francisco, Los Angeles; 1955 to date, adjusted seasonally

Source: Federal Reserve Board

© 1955, By U. S. News Pub. Corp.

Besides this, rents, medical care, and other services are taking 87 billions a year; these, also, are increasing.

People are splurging this summer on vacations. They are buying bigger, more expensive houses. They are getting heavier, gaudier cars with more gadgets and higher price tags. They are borrowing heavily to make many of these purchases.

Consumers' mortgage and installment debts are the heaviest in history; yet, with incomes rising and optimism widespread, the debt doesn't seem burdensome.

Nor is the consumer spending every last penny. More money than ever before is being put into life insurance, a form of saving.

All this involves the writing of checks and so is reflected in the faster turnover of money.

Stock-market activity. A boom in the stock market or in real estate shows up, as a rule, in a faster flow of money in New York and other big cities. As shares change hands more rapidly and at higher prices, funds pass rapidly among the brokers, bankers and investors.

Speculation in commodities has a similar effect.

Today, the figures show, trading activity is less important than it was back in the 1920s. At least, that is one explanation for the fact that the turnover of money in New York City is much less feverish than it was before the 1929 crash.

The real estate boom, however, is probably having a stimulating effect throughout most of the country. There is ready demand for good farm land; farmers in many sections are paying higher prices. Around the big cities, builders and real estate agents are bidding up land values.

Behind the real estate boom there seems to be a great willingness of families to change neighborhoods or move from one city to another in search of better jobs, larger quarters or more pleasant surroundings. This migration is estimated to involve a change of residence for more than 28 million people each year. In many cases, this means selling one house, buying another.

Of course, the buying and selling of land and houses shows up in the rapid movement of funds. Money is changing hands actively among landowners, builders, agents, manufacturers, lenders and plain ordinary house hunters.

Plenty to spend. At the bottom of all this activity is a plentiful supply of money. The Government has made sure of this through deficits and other moves to end the 1953-54 recession and bring on better times.

Total amount of money in accounts and in circulation is the largest in U. S. history. The money supply, composed of bank deposits, plus money outside the banks, amounts to more than 207 billion dollars. There's been an increase of 10 billion in a year's time.

Back in 1929, the money supply came to about 55 billions, about one fourth as much as today. So, while money was changing hands more rapidly then, the movement was a good deal smaller.

Boom to get bigger? In times past, some economists have looked on the money turnover as a clue to how business would develop. An increase in checks and a faster flow of money was used to forecast improvement.

On that basis, the present trend would mean that the boom has some way to climb before reaching its peak.

Nowadays, economists reject any such idea that one set of figures carries a gift of prophecy. However, the data on deposits, checks and turnover is watched closely by the Federal Reserve Board and other authorities as one means of measuring the temperature of business.

The figures show clearly that the temperature is rising, but probably is not at a fever level. Speculation, in the big financial centers, is increasing but is less hectic than in the dangerous days of 1929.

Chiefly the quickening flow of money is being taken as a sign of mounting confidence and growing ability to borrow, spend and invest.

ONETIME SPY TELLS HIS STORY

How U.S. Press Was Infiltrated by Communists

This is the story, told in his own words, of an American news reporter who became a Communist spy. The story is taken from the testimony of Winston Burdett before the Senate Internal Security Subcommittee.

Mr. Burdett explains the thinking that led him into the Communist Party in 1937, tells how the Soviets used him as a spy in several countries, and describes the disillusionment that caused him to quit Communism.

Included here, too, are the replies of some persons named by Mr. Burdett as former Communists. The full story of one, Charles Grutzner, appears on page 92.

Following are extracts from the transcript of the hearing of the Senate Internal Security Subcommittee on June 29, 1955:

Mr. Sourwine [J. G. Sourwine, chief counsel of the Subcommittee]: Mr. Burdett, were you ever a member of the Communist Party, U. S. A.?

Mr. Burdett: I was, sir.

° ° °

Mr. Sourwine: Will you tell the Committee, please, when and where you joined the Communist Party?

Mr. Burdett: I joined the Communist Party, sir, in August of 1937 when I was employed by the Brooklyn *Daily Eagle* in Brooklyn, N. Y. The unit of the Communist Party which I joined was the Brooklyn *Daily Eagle* unit of the party.

Mr. Sourwine: Who recruited you into the Communist Party, Mr. Burdett?

Mr. Burdett: No particular person, sir. That is to say, I can't attribute my recruitment to any one individual. There were various persons in the unit of the party at the Brooklyn *Eagle* whom I knew, whom I knew to be Communists, and whom I knew well as friends and as colleagues.

The person whom I knew most intimately and most well and who, I think, probably had the greatest influence upon me was a man and colleague named Alvah Bessie. He was my close colleague at the *Eagle*. He was a man whom I knew and liked well and warmly.

When I actually joined the *Eagle* unit, he was not a member of it, because he had left the newspaper, so that I cannot say that I ever saw him at a meeting of the Communist Party. Nevertheless, I knew him to be a Communist.

There were others in the unit at the time. That is to say, in the unit at the time I joined it. I cannot say that anyone exerted great influence for me to join.

Senator Eastland [James O. Eastland (Dem.), of Mississippi, chairman of the Subcommittee]: Was Mr. Bessie later known as one of the Hollywood Ten?

–United Press

WINSTON BURDETT

° ° °

Mr. Burdett: That is the man, sir. It is he. Of the other members of the party unit at the *Eagle* whom I knew and whose friendship counted in my decision to join the party, there were, I should say, several.

One was Nat Einhorn; another was Victor Weingarten, whom I knew at that time, who was a colleague on the paper; Violet Brown I knew well on the paper, and it was the friendship of these persons and my intimacy with them, not only as persons and as colleagues but also in our common work in the *Eagle* unit of the Newspaper Guild, which was personally influential in bringing me to join the Communist Party.

Mr. Sourwine: . . . Who is Nat Einhorn?

Mr. Burdett: Nat Einhorn, sir, was, if I am not mistaken—all of the persons I mentioned worked in the editorial department of the Brooklyn *Eagle*, that is to say, as reporters or rewrite men—Nat Einhorn was a reporter, and if I am not mistaken, he covered the Brooklyn courts and city news in Brooklyn.

Nat Einhorn was, I should say, the leading spirit of the Communist Party unit at the Brooklyn *Eagle*. I believe, without knowing, that he was the oldest member of that unit. He was certainly the organizing spirit of the unit. He was also extremely active in Newspaper Guild affairs.

° ° °

Mr. Sourwine: Now you mentioned Victor Weingarten. Who is he?

Mr. Burdett: Victor Weingarten was an editorial employe. He was a reporter, a general-assignment reporter, I believe, for the *Eagle* at that time.

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Mr. Sourwine: You mentioned a Violet Brown. Can you identify her any further?

Mr. Burdett: She was exactly the same, sir. She was, as I recall, a general-assignment reporter working on the city desk of the Brooklyn *Eagle*.

Mr. Sourwine: Did she marry Mr. Weingarten?
Mr. Burdett: She did, sir.

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Mr. Sourwine: Were you active in the Communist unit at the Brooklyn *Eagle*.
Mr. Burdett: I was.
Mr. Sourwine: Was that a unit of the Newspaper Guild at the Brooklyn *Eagle*?
Mr. Burdett: There was.
Mr. Sourwine: Was this Communist unit a unit of that Guild unit, or was it just a unit of employes of the *Eagle*?
Mr. Burdett: It was a unit in no way directly connected with the Newspaper Guild, but a unit of the Communist Party, to which I should say all employes of the Brooklyn *Eagle* would have been eligible.

Ten in Communist Unit

Mr. Sourwine: How many members belonged to this Communist unit of which you were a member at the Brooklyn *Eagle*?
Mr. Burdett: At the time that I joined in August of 1937, there were, I think, 10. I am not sure, I have not made a count, but about 10 including myself.

The unit acquired one or two new members during the years that I was there, and its highest membership, as I recall, was a dozen or so.
Mr. Sourwine: Now, of those 10 you have named four, Alvah Bessie, Nat Einhorn, Victor Weingarten and Violet Weingarten, formerly Violet Brown. Can you name others?
Mr. Burdett: Yes, sir; I can.
Mr. Sourwine: Will you do so, please?
Mr. Burdett: Charles Lewis. He was, if I am not mistaken, he was a rewrite man and a copyreader on the city desk at the Brooklyn *Eagle*.

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There was Hy Charniak, who similarly was, as I recall, a general-assignment reporter working in the city room of the newspaper.

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Herbert Cohn, I believe without the "e." He was again an editorial employe, and for a good stretch of time he was the movie reviewer at the Brooklyn *Eagle*.

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There was Melvin Barnett. Melvin Barnett again was a general-assignment reporter. . . . There was David Gordon, who again was a city-desk reporter. Charles Grutzner, who again was a reporter.

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Mr. Sourwine: Do you know the whereabouts of Charles Grutzner?
Mr. Burdett: I believe that I do, that is to say, I believe that the Charles Grutzner whom I knew on the Brooklyn *Eagle* and who was my colleague there is presently employed by the New York *Times*.

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There was Gladys Bentley. She was not an editorial employe but was employed in one of the commercial departments of the newspaper. I believe that she was in the advertising department.

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Larry Adler was, as I recall, the youngest member—he was very young indeed, he was in his late teens or early twenties—of the party unit at the Brooklyn *Eagle*. He was employed

(Continued on page 72)

Network Stands By Burdett, Senator Praises Him

Following is the full text of a statement issued June 29, 1955, by Sig Mickelson, vice president of the Columbia Broadcasting System, employer of Winston Burdett, attaching a letter from Chairman Eastland of the Senate Internal Security Subcommittee:

Early in 1951, Winston Burdett disclosed that he earlier had been a member of the Communist Party. He told us that in 1942 he had renounced all belief in Communist doctrine and severed all relations with that group and proposed to make his information available to the Federal Bureau of Investigation. Shortly thereafter, Mr. Burdett had the first of many meetings with the FBI. He likewise recently made known his intention to appear voluntarily before the Senate Internal Security Subcommittee at this and an earlier executive session, May 12.

It is our judgment that Mr. Burdett's break with Communism was complete and final 13 years ago and that he has been a loyal and honest citizen ever since. We believe that his actions in making full disclosure to the FBI and in appearing before the Senate Subcommittee are further evidence of that break and of his strong sense of duty.

When we concluded in 1951 that Mr. Burdett's break with Communism had been final, we determined, without condoning his past actions, to continue him in his staff position. Justification for this decision can be found in published statements on the subject of ex-Communists by recent chairmen of the Senate Internal Security Subcommittee, the House Un-American Activities Committee, and J. Edgar Hoover, Director of the Federal Bureau of Investigation.

Also, we have been urged to maintain this position by Senator James O. Eastland, present chairman of the Internal Security Subcommittee of the Committee on the Judiciary of the United States Senate, in the attached copy of a letter to Daniel O'Shea, vice president, Columbia Broadcasting System, Inc., dated June 7, 1955.

DEAR MR. O'SHEA:

Winston Burdett has rendered a real service by his testimony before this committee, and I believe should be commended for it and encouraged in every way possible. I know that he has some tough times ahead of him, and I earnestly hope that Columbia will stand by him. I think it would be fine if Columbia should publicly commend him for his decision after he has testified in open session.

I have been advised of Mr. Burdett's assignment to cover the United Nations session in San Francisco leaving New York on June 17 and returning after the end of the session. No present plans of the committee will interfere in any way with the performance of this assignment.

With kindest personal regards and all good wishes, I am

Sincerely yours,
JAMES O. EASTLAND, Chairman
Internal Security Subcommittee

. . . "I attended a school for training party members"

in one of the commercial departments. I am not certain of his exact job.

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Mr. Sourwine: Any others?

Mr. Burdett: I am trying to think, sir, whether I have recollected every one. I think that I have recollected—oh, no, I have not. Lyle Dowling. Lyle Dowling came to the newspaper as an executive in a very high executive position.

In September of 1937 the Newspaper Guild went out on strike at the Brooklyn *Eagle*, and there was a three months' strike. Lyle Dowling went out on strike with us, with the Newspaper Guild, although I am quite certain that he is not a member, that he went out in sympathy with the Guild, and it was during that period that Lyle Dowling joined the *Eagle* unit of the Communist Party and remained so as long as I remained at the *Eagle*.

Mr. Sourwine: Do you remember any other names?

Mr. Burdett: I think that I have recollected every one, sir.

Mr. Sourwine: Did you know Murray Young?

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Mr. Burdett: I will have to explain the circumstances, sir.

Mr. Sourwine: By all means.

Mr. Burdett: As I told you, I joined the party unit in August of 1937, and early the following year, or in the spring of the following year, Nat Einhorn, whose name I have mentioned, suggested that I and another member of the party unit at the *Eagle* attend what was called a section school; the section, as I understand it, being the next larger organizational, geographical organizational, unit of the party, and this sectional school was a school conducted for purposes of training party members in Communist Party theory, in short, for purposes of general indoctrination.

I attended that school, as I recall, for two or three months. There were two classes which I attended, two courses, that is to say, as I recall, and this meant going to this school twice, on two evenings, each week for a period of two or three months, as I remember.

Murray Young, sir, was a teacher at that school and conducted one of the courses I mentioned.

Mr. Sourwine: Who attended that school with you?

Mr. Burdett: The member of the *Eagle* unit who attended that school with me was Violet Brown.

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Espionage? "I Did"

Senator Eastland: Wait just a minute. I want to ask you a question right there. Did you ever engage in espionage?

Mr. Burdett: I did, sir.

Senator Eastland: When was that?

Mr. Burdett: This was after I went abroad in February of 1940, and it was while I was abroad off and on, sir, from the time that I initially went abroad in that month until the time that I broke with the movement.

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Senator Eastland: When did you break with the movement?

Mr. Burdett: In March of 1942. That was two years, roughly two years thereafter.

Senator Eastland: Were you contacted by the Communist underground abroad?

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Mr. Burdett: Yes, sir.

Senator Eastland: Now, what information did you give them, and how did you secure it?

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Mr. Burdett: . . . In January of 1940, when I was still working at the Brooklyn *Eagle*, I was contacted by a member of the party unit with respect to this trip which then developed. It was in the latter half of January, 1940, that I received a telephone call from Nat Einhorn, the *Eagle* party-unit member whom I have mentioned, and Einhorn asked me to get in touch with a man named Joe North.

Joe North, the name was well known to me. Joe North, the name was well known to all Communist Party members as a correspondent for the Communist *Daily Worker*.

Einhorn indicated to me in his phone call that this was a matter of some importance, and I was to visit Joe North at his apartment, as I remember, on the following Sunday of that week, in order to find out what the matter was.

Einhorn gave me his address and I went to his apartment, which I remember was in the Greenwich Village section of New York City somewhere west of Seventh Avenue.

Mission to Finland

I saw Joe North as Einhorn had instructed me, and North told me that "we," as he said—and by "we" I understood that he was speaking of the Communist Party, there was no question in my mind—"We want you to go to Finland. We have an assignment for you there, in which you can be useful to the party."

And he told me that he would put me in touch with the man who would give me the specific instructions concerning this trip.

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This man, this third man, told me simply this: that they—or "we"—"have a mission for you in Finland. We want you to go abroad. We want you abroad as a correspondent for the Brooklyn *Eagle*."

It was known to him that the Brooklyn *Eagle* had no foreign correspondents, did not maintain a foreign staff, and therefore I was to propose that I go abroad as a roving reporter for the Brooklyn *Eagle*, but paying my own expenses since, in fact, I did have my own means.

Senator Eastland: Who was that man?

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Mr. Burdett: He was never identified to me by name at the time by Joe North. I had never seen him before, and I did not know who he was ever until I went to the FBI, and from photos shown to me by the FBI, I was able to identify him to my own complete satisfaction, and his name was Jacob Golos.

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Mr. Sourwine: This is the same Jacob Golos, Mr. Chairman, whom Elizabeth Bentley testified was her contact in Soviet espionage.

Mr. Burdett: This man whom I will refer to now as Golos, although I didn't know him by that identity at the time, instructed me, as I have said, to persuade the Brooklyn *Eagle* to send me abroad as a roving correspondent on my own, financially.

Secondly, he instructed me at this first meeting to bring to him, in order to surrender to him at my next meeting with him, my Communist Party card.

He asked me to write out a short autobiography of myself, this I presume for purposes of identification, and this short autobiography of myself I did write out in my own hand, a short one on two pages of paper or so, putting down the vital statistics, and he asked me also at our next meeting to bring him four or five passport-size photos of myself for his use.

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He told me nothing of the actual purpose or the specific nature of my mission to Finland, but he indicated that it was

Named by Burdett—Here's What They Say

Several of the persons whom Winston Burdett said he knew as Communists followed him as witnesses before the Senate Internal Security Subcommittee. This, in brief, is what they said:

Alvah Bessie invoked the Fifth Amendment and refused to say whether he is a Communist now or had been in the past.

Victor Weingarten swore that he had not been a Communist since 1940, but declined to answer other questions concerning Communism or former associates.

Mrs. Victor Weingarten said, "I am not a Communist. I have not been a Communist, was not a Communist last year or 10 years ago, but I shall refuse to answer any further questions about Communism."

Charles Grutzner said he was a Communist in the 1930s but quit the party in 1940. (For more on Mr. Grutzner, see page 92.)

Lyle Dowling said he was not a Communist at any time since 1945, but declined to say whether he ever had been.

Murray Young declined to say whether he is or was a Communist, or whether he ever taught at a Communist school.

Nathan Einhorn denied that he ever "recruited anyone for Soviet espionage." He said he is not now a member of the Communist Party, but he declined to say whether he had been a member before 1949.

Gladys Bentley invoked the Fifth Amendment, refused to say whether she is or ever had been a Communist.

Finland, and it was to Finland that he wanted me to go. I made this proposal at the Brooklyn *Eagle* and to the managing editor of the Brooklyn *Eagle* at that time, and he quite readily accepted it.

Mr. Sourwine: When you say you made this proposal, your proposal to him was only that you go as a foreign correspondent in behalf of the *Eagle*, but paying your own expenses—is that right?

Mr. Burdett: That is exactly it, sir.

Mr. Sourwine: You said nothing to him about doing any work for the Communist Party?

Mr. Burdett: I want to stress that the *Eagle* and the managing editor had no knowledge whatever of the Communist Party aspects of the trip. He agreed readily, however, that this be done because it was obviously to the *Eagle's* interest that it have a correspondent associated with the writing as its representative from abroad.

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The next meeting with Golos was a very few evenings thereafter. At this time I gave to Golos the photos of myself, the short autobiography, the party card, and I told him, I must have told him, that I had made the proposal to the *Eagle*, the proposal which he had requested.

I had applied for a passport, naturally, and the *Eagle* naturally had written to the passport division of the State Department explaining the nature of the assignment for the *Eagle*, as an *Eagle* assignment.

The passport did not come immediately, and the Passport Division raised objections to the granting of the passport because it did not, as I recall, it did not appear to them, to the Passport Division, that I was a bona fide correspondent, that is to say, I was not going abroad as a staff correspondent of the Brooklyn *Eagle* in the regular sense of the word, with a Brooklyn *Eagle* salary and at their expense.

The *Eagle* replied to the State Department at that time, saying that they indeed considered me their bona fide correspondent, although I was going abroad on the financial conditions that I have described; and after these representations, after this second representation by the *Eagle*, the passport was granted.

It was only after my passport was granted, and therefore it was, as I remember, at my third meeting with Golos, all of these meetings taking place within a very few days of each other, that Golos actually told me what physical arrangements to make for this trip.

He instructed me on what ship to go. It was to be the S. S. *Bergensfjord* of the Norwegian Line. The sailing was on or about Feb. 7, 1940.

He gave me money to buy the ticket, which, as I recall, a second-class ship's passage from New York to Bergen, Norway.

The money which he gave me, I cannot recall the exact sum, but as I recall it was enough for the ship's passage and also it was enough to get me to Stockholm, which was my first place of rendezvous overseas, my first place of rendezvous, that is to say, with Communist contacts. It was enough for that. It was not much above such a sum.

Well, then, I went and purchased my ship's ticket, and the last meeting with Golos he kept to the very end the final disclosure, the final arrangements, kept to the very last meeting, and this last meeting always taking place in the same restaurant, occurred, as I recall, on the two evenings before my actual sailing.

And his instructions to me, his final instructions at that last meeting were these, were two. He said that, first, when I arrived in Stockholm, which was the place to which I was to go, I was to send a cabled message to a person whose name and address he gave me. This cabled message was simply to be a message of greetings. It was to say, "Have arrived safely Stockholm. Love, Winston." I am not sure those are the exact words, but that was the tenor of the message as it was to be.

The address—the name to which I ultimately sent that cable, the name which Golos gave me—I cannot recall. I do recall that it was the name of a woman, and I do recall that it was a simple name, a familiar name in the sense that both the first name and the family name were names of Anglo-Saxon origin, and very plain names, such as Helen Johnson, or Betsy Thompson, something of that kind. It was that kind of a name.

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Secondly, Golos instructed me to rendezvous on the following night with a person, a man who would give me my final instructions with respect to this trip, and that was all, and this I did.

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He told me that, on arriving in Stockholm, I should go to such and such a hotel to stay, and that hotel was the Hotel Patricia, which is a hotel in downtown Stockholm, and I

. . . "You will not be asked to risk your life"

would go there and, after having sent the message to the woman in New York, I would in one or two or three days be contacted by a man who would come to my room in the hotel, and this man would identify himself as Mr. Miller, and Mr. Miller would further identify himself by saying, "How's our good friend Mr. Einhorn?" And I was to reply some such natural thing as, "He is very well. I saw him just recently."

And Mr. Miller would give me whatever further instructions were necessary.

This man, like Golos, gave me no further indication of what the purpose of the assignment was to be in Finland, or what type of information I was to seek there. I remember only that he told me that, "You"—and he said with a certain sourness—"You will not be asked to risk your life. You will not be asked to risk anything. Plenty of other people are."

And that stuck in my mind, that little remark of his, as rather indicative of his temperament and of his attitude and of the cynicism of his approach. That is all I recall of that meeting, and those were certainly his entire instructions.

Contact in Stockholm

Mr. Sourwine: Did you follow those instructions?

Mr. Burdett: I followed those instructions. I sailed the following day on the *Bergensfjord*, and I went to Bergen and went by train from there to Stockholm. I went to the Patricia Hotel.

I sent the message, as indicated, to the woman in New York, and two or three days after I had sent that message, a man came to my hotel room and identified himself as Mr. Miller. He did not ask me how is Mr. Einhorn, our good friend, Mr. Einhorn, and I noticed that was a first lapse. Despite the punctiliousness in these arrangements, one link in the chain was left out.

I had several meetings with Mr. Miller, that is to say, as I remember, I had four, during this period that I speak of, these four meetings taking place in the second half of February, 1940, in Stockholm.

Each of these meetings—and the first one which took place in my hotel room—took place on the street, and Miller and I roamed the streets of Stockholm, for the most part in silence.

I remember once we sat down at a little café and had some coffee together, and under those convivial circumstances I tried to start a conversation with him, thinking that that would be the natural thing to do, and he immediately asked me to desist from any conversation whatever so as not to attract attention.

But I realized in these walks with Miller, these taciturn walks with Miller, that he was unsure as to who I was, that he wanted to make absolutely certain that I was indeed the man that I purported to be, and that I was the man that he was supposed to contact, because from time to time in these walks he would ask me some pointed question, such as "Mr. Burdett, are you a member of the Communist Party? When did you join?" A fact which he presumably knew from the autobiographical sketch which I had provided of myself.

"Do you have any brothers and sisters?" and so on.

And then he became convinced that I was indeed the right man. And so it was at the fourth meeting that he told me what my job was to be upon proceeding to Finland.

He told me—I do not recall his exact words, but the gist of it was that he wished me to make note of all my observations having to do with the state or morale of the Finnish people.

Mr. Sourwine: The Finnish-Russian war was then under way, is that right?

Mr. Burdett: The Finnish war had started in the second week of December, as I remember, and it had now therefore gone on for two and a half months nearly.

How had the Finnish people taken the Russian attack? How had they stood up under the Russian bombings? In short, what could I tell him of the whole psychological aspect of the war effort in Finland.

He did not put it as precisely as I am putting it to you now, but I gathered that what concerned him and them was to know the degree of resistance, the will to resist, rather, the degree of the will to resist, which the Finnish people still had at that juncture of the war.

He told me—this is a street-side meeting again, this is all done walking about the streets of Stockholm, sometimes in the day, sometimes, more often, as I remember, in the evening—he told me then that I was to proceed to Finland and I was to come back to Stockholm on such and such a day to the same hotel, the Patricia Hotel, and he would get in touch with me on such and such a day, which, as I remember, was early in the second half of March, that is to say, I would say roughly March 18, March 20, something like that. It was a specific day.

And he gave me money to cover the expenses of this trip. . . . I think it was in the neighborhood of $200.

I went to Finland. I spent there two or three weeks, as I remember. I visited various sections of the front in newspapermen parties, groups of two or three, with a Finnish Army officer in charge.

And it was during one of these trips to the front, it was March the thirteenth, during one of these trips to the front, that all newspapermen were suddenly ordered back for unexplained reasons to Helsinki, the capital of Finland, and we were rushed back to Helsinki, not knowing exactly why, but discovering on our way back that the reason was that the war was over.

The Finnish war ended suddenly, and the Finns had to make various serious capitulations as part of the peace terms. This, as I say, was March 13, and as I remember I lingered a few days longer in Helsinki and then went back to Stockholm for this rendezvous with Miller.

That rendezvous took place, and I had two meetings with Miller on this occasion in Stockholm in the latter part of March.

I don't remember what happened at the first meeting particularly. As I remember, the only business that was transacted was to make an appointment for a further meeting in the next two or three days.

And this further meeting was held, and it was in the evening, and we met on the street and we walked about the streets of Stockholm again, and he took me to a Swedish movie. I remember that.

Report of a Spy

We went to a Swedish movie, and, after the Swedish movie, he asked me casually, really, as if to make conversation, "Well, how did the Finns take the end of the war?" and I told him.

This was the only question he asked me, and my answer to that was that the country at large, Finland at large, had been shocked and stunned by this abrupt end to a war which, as far as they knew, they had been fighting very well, very effectively and very valiantly; and, because of the various concessions that had to be made to the Russians, this was a great shock to the Finns.

In other words, they had indeed been prepared to go on and fight a longer war even in the summertime when the

. . . "In Moscow someone will give you instructions"

snows might thaw and when fighting the war might have been much more difficult against the overwhelming odds of the Russian Army.

So I told him, "Well, they were shocked. They weren't prepared for the end of the war, I mean the people, not the Government. The people were not prepared for the end of the war, and the common foot soldier was not prepared for the end of the war, and psychologically he was quite prepared to go on fighting."

Well, I told that to Miller in much fewer words than I have told it to you, and he said, "Well, Mr. Burdett," he said, "thank you very much. That's everything." And he said, "Here is your money to go back to the United States," and he gave me a sum of money which I imagine must have been in the neighborhood of $400. In any case, it was money sufficient for the entire return trip to New York City.

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Mr. Sourwine: Did you then go back to the United States?

Mr. Burdett: No, sir, I did not. I was surprised when Miller dismissed me thus summarily as he did on that occasion.

I was surprised that it was all over, that this was all there was to it, but then I realized that their interest in this business had been Finland, and the Finnish war was over, and whatever I had been able to tell them was for the purposes of that trip too late. So it was over and he was doing his part of the business, his part of what he understood to be the bargain, by giving me the money to return to this country.

Seeking a Career

Well, sir, I did not return, and for this reason: Before these events took place, before this trip abroad had been proposed to me by Einhorn and North and Golos, I had thought myself of going abroad on the very basis on which I did for the Brooklyn *Eagle*—that is to say, I did have my independent means.

I was in a financial position to go abroad and to seek my fortunes as a foreign correspondent beginning with this single connection, roving reporter for the Brooklyn *Eagle*.

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Mr. Sourwine: Up to this time had the Brooklyn *Eagle* paid you anything at all?

Mr. Burdett: They had paid me nothing at all that I know of, sir.

Mr. Sourwine: Had you filed any stories to the Brooklyn *Eagle*?

Mr. Burdett: Yes, I had.

Mr. Sourwine: Had they used the stories?

Mr. Burdett: To my knowledge, they used some of them, yes.

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So for those reasons that I have described, I decided that I was in a good position and should remain abroad and seek to make the most of it from the point of view of my career. This I did.

I made a short trip back to Finland at that time late in March, but early in April the scene of events shifted very sharply to Norway, because early in April, of course, the Germans invaded Norway, and so, along with all the other correspondents who were then assembled in Finland, I returned to Stockholm in order to follow and to cover the German invasion of Norway, and at that time I did find a job.

I was offered a job on a stringer basis for an outfit which was then in existence and which called itself the Transradio Press, the Transradio Press which went in for eyewitness accounts, eyewitness action accounts of events by its own correspondents.

And so working for them I made several trips into Norway during the course of the German invasion, actually three trips, as I recall. . . .

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Senator Eastland: When was the next time that the Communist underground contacted you?

Mr. Burdett: The next time that the Communist underground contacted me was late in May or early in June of 1940. . . .

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The circumstances were these: The invasion of Norway was over. There was little more news to be covered in Scandinavia, and so most correspondents, those who had a free choice in the matter, those who were able to make their own decisions as to where they should roam, decided that the best next place to go to would be the Balkans.

Several correspondents who were my friends so decided, and, therefore, I decided to follow along and to go to the Balkans. I made application at the Russian consulate in Stockholm for a transit visa through Russia to Rumania. This, as I say, was late in May.

A few days after I made this application for this visa I was visited in my hotel room by Mr. Miller again. . . .

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I gathered from this circumstance—since he indicated that he was aware that I had made application for the visa to go to Rumania—I gathered that he was Russian and was either working for or in immediate contact with the Russian consulate in Stockholm. And Miller told this, he said, "When you go to Moscow, go to such and such a hotel, and while you are in Moscow you will be visited by someone who will give you instructions for what they will expect of you when you go to Rumania," which was my destination.

And so I left for Moscow by plane. It was, as I remember, the end of the first week of June, 1940. I tried to get into the designated hotel, the one that he had instructed me to, but was unable to because Intourist, which is the Soviet organization which takes care of travelers, routed me into another hotel, but, of course, that made no difference.

Two Visitors in Moscow

On the day after my arrival the persons who wanted to find me found me and visited me in my hotel room, which was the Hotel Metropole in Moscow.

I stayed in Moscow for two or three days on a transit visa. The two persons who visited me were, I should say, very obviously Russian, as one would expect. One, the unimportant one was a woman. . . .

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It was the man who was conducting the serious business of the occasion. The man, I should say, was about 40. He was very much a man of the world. Both of these persons spoke English very competently.

The man's instructions were these: He said, "When you go to Bucharest, where you can be of use to us, you will do this. You will write a letter to the Russian consulate in Bucharest, and in this letter you will say that you wish to inquire as to how you should go about getting a transit visa across the Soviet Union to return to the United States, and then you will sign your name and you will put the name of your hotel and you will put your hotel room number." And this letter, of course, to be merely a signal and a preliminary to a rendezvous in Bucharest.

So after the two or three-day stay in Moscow—that was my only contact in Moscow—after this two or three-day stay

. . . "I felt it my duty to come before this Committee"

in Moscow, I went to Bucharest, arrived there—as I remember it was June 10—the day that Italy went into the war, attacking France.

I had been there a few days, and after I was settled in my hotel and so on, I wrote the letter according to instructions. My instructions were, of course—as I recall, my instructions were to wait in my hotel room for a certain period of the day, because I remember waiting in the late afternoon in my hotel room for a man to come.

I sent this letter, and then for three or four days, for a stretch of three or four days I waited in my hotel room expecting him to come. He never came. So perhaps it was after 10 days or two weeks, I have really forgotten, I sent a second letter, identical letter, to the same effect to the Russian consulate, thinking that perhaps the first had got mislaid or something of that kind, and then again waited and hoped for this contact to show up. He never did. He never did. Something had obviously gone wrong.

What did go wrong I never learned. I remained in Bucharest for several months. I was married while I was there to my first wife, who was an Italian journalist, and we remained in Bucharest. I working for Transradio Press for part of the time, broadcasting on a stringer basis for CBS for the latter part of this stay until, as I remember, late October or—no, no, it was rather mid-November. It was November of 1940.

In other words, we were there for four or five months. And in November, mid-November or late November, we went on to Belgrade in Yugoslavia. In Belgrade we lived, that is to say, my wife and I lived at a hotel, a very famous historical hotel in Belgrade called the Serpski Kralj, which was bombed and utterly destroyed during the German invasion of Yugoslavia and attack on Belgrade. I mention the hotel because it was the place of my next rendezvous and next contact with the Communists.

I had been in Belgrade for about 10 days, or at the most I should say two weeks, when I was visited in my hotel room—my wife was present at the time—by a young man. And I cannot tell you how or why, but I recognized immediately who he was and on whose behalf he had come, and he said—he looked Russian, he was a tall lanky youth, he was not polished.

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He said, "There is a man we wish you to meet, and let's make the arrangements for this appointment with this man whom you will meet."

I said, "Very well."

The appointment was set for the early evening a very few days thereafter, within the week, and it was to be at a certain street corner on one of the main avenues of Belgrade, but at the further end of this avenue, in an outlying district of the city.

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The Signal: A Glove

I was to get out at a certain stop at a certain street intersection—I have forgotten now the name of that street—and when I got out, I would see a tall gentleman who would approach me and who would recognize me, although I would not recognize him. But I would be able to identify him by the fact that he would carry one glove, either the right or left glove, in the other hand a gray glove he would be carrying.

Well, that may not seem sufficient to identify a person, of course, but it was. I got out and immediately saw this man, who was tall and a striking figure, very obviously making show of the fact that he was carrying one glove in his hand. It was winter. It was early December now, as I remember. There was snow on the ground. It was cold.

So I proceeded along the street. I turned up a side street. He turned up after me, and he overtook me and said, "Mr. Burdett."

I said, "Yes." And for the next 20 minutes or so we wandered about this section of Belgrade, which was a residential section of the city.

What he told me briefly was this: He asked me first whether I knew any of a half dozen persons whose names he gave me. All of these six names or so were the names of officials in the Yugoslav Government. They were not ministers; they were not on the Cabinet rank, but they were department executives.

"Get to Know These Persons"

None of these names was known to me. I had never heard of any of these persons nor did I ever later meet any of them. But they were persons, as I said, on a departmental executive level, and he told me, "You do not know these persons well? During the course of your work in Belgrade get to know and to cultivate these persons."

And that was his entire instructions: "See what you can do about getting to know these people."

I said, "Very well," and that was the understanding, and he made a rendezvous with me for the following week, as I recall, not more than one week following this first meeting, which was also a street-side rendezvous in another part of Belgrade.

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So I went back to this further rendezvous and saw him. The meeting was consummated without any difficulty. And we walked about this same section of the city that I described to you for 20 minutes or so, and he asked me, "Well, have you met any of these people whose names I have given you?"

I said, "No, no, I haven't. And furthermore, it isn't easy to go and meet these people. They are in various departments of the Government." And I was, of course, new to Belgrade, and it takes some time; it takes some doing to meet officials in various departments. And I so indicated to him that it would take time before I knew them. They are not persons whom I would normally meet quickly in the course of my work as a journalist.

He understood that, and he took it quite well, and as I recall, he said, "Well, I will get in touch with you again, then, in due time."

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I should say that he did not indicate to me at all the kind of information he wanted from these officials, but he was interested in establishing some contact with them.

This was in December of 1940. I remained in Belgrade until mid-March, as I recall, of 1941, in other words, for three months or more all in all, and throughout the rest of my stay in Belgrade neither this man, the tall man, nor the young man who had come as his messenger ever got in touch with me again. Why, I don't know and never knew. It just went up in the air. And it was my second experience of things going up in the air, or arrangements, mysteriously and for unexplained reasons.

I would like, if I may, Mr. Chairman, before I come to the next chapter, to go back over some of the ground and to explain my own personal attitudes during the years.

Senator Eastland: That is all right. Proceed.

Mr. Burdett: I should like to say first at the outset that I have wished to come before this Committee because I felt it

. . . "Communist devotion involves a kind of cruelty"

my duty to do so in order to discharge what I feel to be a very definite obligation. I have wished to do what is right as I see it. And all these things that I have told you of, my association with Communism, my activities in the party in behalf of the party, and my break with the Communist movement, these are obviously not private matters alone, and one's status and one's quality as a citizen are involved, and for that reason also I am grateful for the opportunity to place on the record the facts of my experience, and I wish to thank the Committee for the opportunity to do it.

I wish to make perfectly clear, first of all, that when I was a member of the Communist Party at the Brooklyn *Eagle*, I was not, as certainly the story has already made clear, I was not a casual member. I was a very devoted member. I was young, I was enthusiastic, and I was very earnest about it. And for two and a half years from the time I joined the Communist Party until the time that I went abroad, I should say that my whole life was in the party. It had a very great appeal to me.

Why Burdett Joined Party

I did not join because of any profound conviction of the truth of Marxist theories; I did not join because of any advance indoctrination. The indoctrination, such as it was, came afterwards. But I joined, I think, primarily because I was emotionally impelled to identify myself with a larger movement outside myself, a larger cause which I then believed to be a good one.

I think many persons sometimes tend, if they are of that political leaning, to think that anything that is progressive is necessarily good. Well, to me in those years anything that was progressive was good, and the Communist Party was simply the most progressive party of all.

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Senator Johnston: [Olin D. Johnston (Dem.), of South Carolina]: What was your attitude toward Hitler at that time?

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Mr. Burdett: My attitude toward Hitler, sir, is what you would imagine. I was passionately anti-Nazi and anti-Hitler, and, of course, I should say that the Communist Party in this respect at that time had the appeal for me of appearing to be the strongest and most active anti-Nazi force operating on the political scene. That was one of its appeals to a person of my type at that time.

Mr. Sourwine: Were you a member of the Communist Party during the period of the Hitler-Stalin pact?

Mr. Burdett: I was, sir.

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Mr. Sourwine: Were you opposed to Hitler during all of that period, or did you follow the party line at that time?

Mr. Burdett: No. I followed the party line. I followed the party line. I should say, sir, that as a member of the Communist Party at the Brooklyn *Eagle* during the years that I have described, I became not only an earnest but a fanatical and hotly dogmatic member of the party, and I found very quickly that I was caught up in this spirit of self-righteous intolerance which party work inculcates.

I found myself dividing everything into black and white, and by that I mean not only political events into black and white or politicians into black and white, or books but everything, books, literature, persons—worst of all, persons, because then I realized that this business of Communist Party devotion and fanaticism involves a kind of human cruelty when you begin to reject persons because they don't agree with you politically, because they do not suit the book, because they do not fit the type or the standards that you are taught to establish for yourself and for everything when you are an active member of the Communist Party.

Therefore, I wish to say, sir, that I was an emotionally fanatic person, and I remember arguments; I remember arguments in our party unit at the Brooklyn *Eagle*. I remember when one member of that party left the unit and left the Communist Party after the Soviet-Nazi pact of August of 1939, and I remember how cruel I was to him—

Mr. Sourwine: Who was that?

Mr. Burdett: —in my approaches to him at that time because he was letting the side down and because he was defecting.

The man who left the party, sir, at that time was Hyman Charniak—Hy Charniak, as I have identified him.

Senator Hennings [Thomas C. Hennings, Jr., (Dem.), of Missouri]: Mr. Chairman, I first wanted, as just one member of the Committee, to commend Mr. Burdett for his moral courage in volunteering to come here to tell this Committee some things from the point of view of a onetime dedicated and devoted member of the Communist Party.

I know that you have done so, Mr. Burdett, at considerable cost to yourself in terms of probable emotional uncertainty and pain and difficulty. I assume that to be true. Was it?

Mr. Burdett: Yes.

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Senator Hennings: Now, I wanted to ask you one question, because I think it has been a matter of interest to most of us who do not know much about the workings of the Communist ideology, the party itself.

Did you find most of the members in your organization at the Brooklyn *Eagle* to be as you have described yourself to have been, idealists, so to speak, looking for something larger than themselves and looking for an opportunity for self-identification with a larger movement?

Mr. Burdett: . . . Very frankly, sir, I should say that when I was at the Brooklyn *Eagle*, I was one of the more fanatical members of that unit. I am speaking now in an emotional sense. Of all of them, of my colleagues at the Brooklyn *Eagle*, I should say, if you asked me today—and I have not seen them since 1940 except on most casual occasions—but I would say that all of them were like myself, amateurs of the cause, rather than indoctrinated, except professionals of the party. I know that you are not interested in surmise, but this is a question of judgment of character. And if I were to be asked about those friends and colleagues of that time today, I would say that I think that probably most of them, certainly, are in very much the same boat as I, that they would have left the party long ago. I do not know whether this is so, but that would be my judgment from my past association with them.

"Honest Idealists"

Now, in specific answer to your question, I should say yes, sir, that these are persons who went into the party, utter, honest idealists, and that there was no other and there could be no other compelling motive.

Once you get into the party, sir, and believe that you have a stake in it, emotional or otherwise, a stake in it simply by force of the fact that you have put, perhaps, so much into it over the years, then it becomes a very difficult decision to get out; it would be very hard to divest of feelings and beliefs into which you may have put so much; then it becomes a more difficult and a more complex thing.

But of all these persons, I should say that they went into the party very much in the fashion that I did. . . .

Senator Hennings: I would assume from your answer, then, that it required on your part and does require on the part of

. . . "I saw the party as the tool of a cynical power"

many spiritually and we may say intellectually convinced Communists a sort of transmutation or a complete regeneration, emotionally, spiritually and intellectually, finally to make the break and completely divorce yourself from the ideologies, the spiritual concept as well as the intellectual convictions which you have theretofore held; is that true?

Mr. Burdett: Yes.

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Senator Johnston: Did you at any time have any fear of your having bodily harm done to you because you would withdraw from the Communist Party?

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Mr. Burdett: Sir, frankly that never occurred to me. That fear never occurred to me.

I would like to say this in answer to the Senator's question, and that is, if I may speak now from my own immediate experience, that when I went abroad in 1940, it was in a sense the beginning of my re-education. I am answering your question, sir, in terms of my own immediate experience.

When I went abroad in 1940, it was in a sense the beginning of my own re-education, because until then, for two and a half years, I had lived intensively in this closed, doctrinaire, hothouse atmosphere of a Communist Party unit in New York City. This kind of routine which exists in party life has a great compulsive force. There are meetings. There are meetings every week. Every Tuesday there were meetings. Many of them were held in my apartment in Brooklyn Heights in New York City.

One of the things that is inculcated is a kind of competition in virtue; that is to say, that I would feel the compulsion to show myself a better, a more earnest, a more dedicated, a more orthodox Communist Party member than the next one.

There is inculcated the feeling that you as a Communist have turned your back on the past; you have turned your back on all that Marxism identifies with the past, which includes all bourgeois phenomenons and bourgeois traits in your own character.

Senator Hennings: Could you name some of those bourgeois traits as conceived by the adherents to the party?

Mr. Burdett: Sir, I should say friendship—

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Senator Hennings: The loyalty to government would be one?

Mr. Burdett: And the only stalwart loyalty would be toward your comrades, in other words, toward individuals regarded as members of the Communist Party. In other words, your only loyalty is to the collective thing, the party.

Loyalty to Soviet?

Senator Hennings: Mr. Burdett, would that loyalty extend to the Soviet Union as transmitted through the party and your dedication to the party and the party doctrine?

Mr. Burdett: Sir, I would say in answer to that that that is a moot point, a point which the party tries to avoid and evade, to avoid answering, because it is on that point that the central dishonesty of the party position rests.

In other words, the party presents itself as a party interested in democratic and progressive causes, and it is only upon getting into it and having experiences in it and getting the feel of it that one realizes that it is not a national party in the sense that the Communist Party of the United States of America is an American party. The same could be said for the French or the Italian.

But it is an instrument for the furtherance of the interests, the national interests, of a single power and a totalitarian power.

The Communist Party presents itself to its own members—and I remember how we were told and how we tried as loyal Communists to digest this idea that the Communist Party is a democratic party; it is much more democratic, really, than any other party. And it is only after a certain amount of experience and I should say maturing on the part of the individual that one sees that it is not that kind of party, but it is a party of monolithic discipline or the next thing to it, because the discipline is imposed and dictated from without.

I have gone a bit far afield here, but the point that I wanted to make was that for me personally it was a great good fortune that I went abroad when I did go abroad, even under the circumstances that I have described to you, because for the first time after these two and a half years of dedicated work in the party in this country, I went out into the world; I was free from the compulsions of this routine.

I was not under this daily moral necessity of seeing everything from a certain point of view, and in terms of the indoctrinated approach, and I changed in going abroad, I changed intellectual society. My colleagues were journalists, for the most part, newspapermen; all of them, or most of them, certainly, much older than I, and men who saw the world not through blinders, but through free and sophisticated eyes, and who were knowledgeable men and men of great experience.

New Look at Communism

So, in short, I changed society and I began traveling about the world, and I think that was, as I said before, the beginning of a re-education for me. And I began to see, when I went abroad, that things did not happen all according to the book which I had learned by rote back in New York City, and that the Communist Party did not function as an independent Communist Party, and that the Communist Party did function as a tool of a cynical power which used it cynically and which told the French Communists not to defend their country in 1940, which was willing to make any sacrifices in order to preserve the appearance of friendship which was necessary for the preservation of the Russian-German Pact, which was willing to throw anyone overboard, including not only its sympathizers and partisans, but also its own members, for example, the French Communists, so that Maurice Thorez, the head of the French party, deserted and turned up in Moscow, as we know.

But it was abroad, then, that I began to develop many reservations about the cause which I was actively engaged in serving.

I might add that the various contacts that I have described to you with individuals were not reassuring either. These persons whom I met, Miller and the gentleman in Moscow, and the gentleman in Belgrade, seemed to me to belong to an entirely different world and seemed, furthermore, to be treating me with considerable contempt, and I had the very physical sensation of being used as a tool by people whom I did not trust on behalf of a cause of which I was no longer sure.

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Senator Eastland: All right. Now, when was that next contact and what circumstances surrounded it?

Mr. Burdett: Yes. The next contact was in Ankara, Turkey, and I went from Belgrade to Ankara in mid-March of 1941. At this time, as I said before, I was beginning to have some doubts and reservations about what I was doing, but I

. . . "I went regularly to the Russian Embassy with my report"

did not feel ready to break with it, because I felt too much of a commitment, too much of an obligation to my own past and to this cause with which I was identified to break yet. I felt it was a decision that I would have to make and which would be coming up, but I was not prepared to make it then.

When I went to Ankara in March of 1941 it was not they who looked me up, but it was I who renewed the contact with them, and I shall now describe the circumstances of that.

In Ankara, shortly after I arrived there, as I recall, there was a diplomatic banquet of some kind or ball one evening under the auspices of the Turkish Government in which many members of the diplomatic corps were there, many officials of the Turkish Government, and most of the international press as well.

During the course of that evening I met various persons: diplomats, government officials, and amongst the others that I was presented to was a woman who was a high official in the Russian Embassy in Ankara . . . she was my next contact and last contact, and I got to know her very well.

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In Ankara: A Meeting With "Madame"

She spoke French, only French, as far as I know, outside of her native language, and so we always addressed her as "Madame So-and-So," and so therefore hereafter in my testimony I will refer to Madame.

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So I visited the Russian Embassy as a correspondent . . . and I presented myself to Madame. Of course, she already knew me. But I told her who I was, identified myself, and told her what I had done, in other words, that I had been working for the Russians, and told her that if she wished to check on this, she would be able to do so. In other words: I renewed contact through her.

She was perfectly noncommittal in her acceptance of this information. She said, "Very well. Thank you."

That was all. However, the implication of the meeting was that she would follow through on this and see if I was who I said I was, if I was indeed an American correspondent who had been in contact with the Russians and had worked for them as a correspondent, and presumably if the answer were affirmative, she would get in touch with me.

It was not much later that she did get in touch with me.

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Madame told me two or three things. She said—first of all she said, "You know, you have to make contacts," and the idea was to make friends and influence people and, "To do that you must go around and entertain them, you know. You must be very sociable." And all this was said in kind of a doctrinaire, naïve fashion, which made me think, "Well, this is the kind of instructions that Tass correspondents probably get around the world when they are told how to behave in foreign capitals."

She said, "If you need any money for entertainment expenses of that kind, you tell me." I never did. I never saw any money from her. I did not want it. And I never received any money or accepted any money from her for any purpose.

She said also that we would have meetings; I would come to the Embassy, presumably every two weeks or three weeks at two-to-three-week intervals and tell her, give her the results of my work as a correspondent in Ankara. And then she indicated to me that what she was interested in was the Turkish position in the war. She was interested in Turkish affairs.

Oh, I should say she also asked me to write her my brief reports which I would deliver to her periodically at the Embassy.

Now, as I said, she was interested in the Turkish position, which may seem very vague, but actually at that time was a very precise issue. This is the year 1941. At this moment Russia had not yet been forced into the war. Nevertheless, the question in Turkey in everyone's mind, in all the belligerents' minds, one which the Germans wanted to know the answer to as much as the British, and which the Russians wanted to know the answer to, even though they weren't in the war at that moment, was: What is the precise nature and meaning of Turkish "neutrality"?

Turkey had declared herself neutral. She was officially neutral. The point was, did this façade of neutrality conceal sympathies for this side or that side, and was it a front for favors to this side or that side, or was it indeed to be strict, serious, real, honest-to-goodness, genuine neutrality for the rest of the war?

Well, how could one find out the answer to this question? This was something which journalists and diplomats and everyone speculated about, and it was a natural and universal topic of inquiry and of conversation. And, during my stay in Ankara, I got to know, not Turkish Government officials, but several Turkish newspapermen and newspaper editors, including, for example, the director of the Turkish official news agency, which was called Anadolu News Agency, and including other reporters and correspondents from Turkish papers, both in Ankara and in Istanbul.

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So it was mostly in talks and conversations with these Turkish friends and contacts of mine in the journalistic world that I was able to get some definite impressions about Turkey's position and her avowed determination to remain neutral in the war.

It soon became apparent to anyone working there in Turkey that Turkey's official position of neutrality was indeed genuine. The Turks meant it. They were not going to get into the war, and they did not.

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Reporting on Turkey

Well, anyway, the substance of my reports to Madame was primarily directed to this question, of, what was this question, what did the Turks mean, what was the meaning of various happenings between the Turks and the other belligerent countries, or the countries that were belligerent in the war?

Over a period of months I went regularly to the Russian Embassy in Ankara with my little report of conversations. She wanted me to set them down very literally without comment, but identifying the persons with whom I had spoken and what they had said on this and on that.

As I say, there were no state secrets involved. It was more or less the kind of picture that I have indicated to you.

These meetings with Madame, as I remember it, began around the beginning of the month of May, 1941, and they continued. Every two or three weeks I would visit the Russian Embassy until I left Ankara, which was in October or November of the following fall.

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In the fall of 1941 I left Ankara for Teheran, the reason being that the Allied powers, Britain and Russia, had

. . . "My first wife was assassinated because she knew too much"

just occupied Iran in order to clear the way and to secure the route for American Lend-Lease shipments up through Iran to Southern Russia, and so there was a story there in Iran.

And I went to Iran for a period of about four months, three and a half or four months, and spent, in other words, most of that winter there, in 1941, early 1942.

It was while I was there in Iran that I decided that the time had come to make my decision, and I was certain that this was the decision that I wanted to make. I didn't want to work for them or with them any more. And it was while I was in Teheran that this decision matured and became set in my mind.

I did not have any contacts with the Russians while I was in Teheran.

I went there with my wife, and, as I say, we stayed there for most of the winter, and then the story more or less died out in Teheran, and I was asked to return to Ankara for a spell. I have forgotten what story there was going on in Ankara at that time that occasioned the return, but apparently Ankara looked like a better Middle Eastern spot for the moment than Iran.

Mr. Sourwine: By whom were you employed?

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Mr. Burdett: I was employed—by this time, sir, I was employed by the Columbia Broadcasting System as a staff correspondent.

In other words, I was going back to Ankara only for a temporary stay pending future reassignment to some other place, depending on news developments.

For that reason, I went back to Ankara alone, and my wife remained in Teheran. When I went back to Ankara on this occasion, I went back early in February of 1942, and I remained in Ankara on this particular occasion for about seven weeks and left at the end of March for the last time.

Well, I had decided that inasmuch as I was going back to Ankara, inasmuch as I wished to make the break, and inasmuch as Madame was the person and the only person whom I knew, whom I have worked with and had to do with over a considerable period of time during the previous year, she was the person whom I would tell, which is what I did.

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A Spy Resigns

It was the third time that I went back to see Madame during this stay in Ankara that I decided what it was that I wanted to tell her, and I told her. And this was sometime in March, and probably rather late in March, because I remember it was a very short time before I left Ankara for the last time.

And I went to see Madame and told her simply that I did not wish and I did not intend to work for her any longer.

Now, I wanted to anticipate on her part any idea that I might have made this decision for circumstantial reasons. So I told her, "This is a personal decision which I have taken for my own personal reasons. I have changed my mind," because I did not want her to think that I had made this decision either because I found it inconvenient or that I was afraid, or that I found it unprofitable to continue working for her.

So I told Madame, "This is my own decision. I have taken it for personal reasons of my own, which I do not have to explain to you. You can surmise what they are. It is purely that. It is purely that I have changed my mind. I don't want to do it any more."

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She was disappointed and expressed again the hope that I would reconsider, and we parted. That was the last I ever saw of her or of them.

Senator Eastland: Now, what happened to your first wife?

Mr. Burdett: Yes, sir. My first wife was, as I told you, an Italian journalist. Her name was Lea Schiavi. Lea Schiavi was an outspoken anti-Fascist journalist. Despite the fact that she was anti-Fascist, she was able to keep her jobs, or to continue writing—I should put it that way—for the two Italian journals, literary and political journals, for which she wrote at the time that I met her, which was early in June of 1940.

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Death of Mrs. Burdett

Senator Eastland: Was she killed?

Mr. Burdett: Yes, sir; she was killed.

Senator Eastland: Who killed her?

Mr. Burdett: May I explain the circumstances of her death, sir?

[Here Mr. Burdett related that his wife was shot by "Kurdish road guards" while on a trip into Northern Iran in April, 1942. Mr. Burdett, at that time, was in India.]

Senator Eastland: Who do you think killed her? What country do you think instigated your wife's murder?

Mr. Burdett: Yes. I thought at first, sir, at the time, I felt that it must be the Italian Fascists.

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However, I later learned that this was not so. Later, to tell the story briefly, sir, later I asked an officer—at a later period during the war I asked an officer, to whom I was introduced, of the American CIC, the Counter-Intelligence Corps, could he tell me for my personal knowledge what the results of the information which the CIC had gathered, what those results indicated with regard to the assassination of Lea Schiavi, in other words, had the CIC been able to find out anything, and if so, what had it been? "If you ever find out, could you let me know?"

And a long time passed before I saw him. The war ended, and I eventually met this officer again, or rather he came to look me up to tell me what he had been able to learn. And he told me that the intelligence which the CIC had received over a period of time indicated beyond doubt in their minds that Lea had been assassinated at the instigation of the Russians. They had determined that during her trip to Northern Iran, she had discovered certain information, information to the effect that at this time—this is the spring of 1942—the Russians were engaged in training in Northern Iran parties of Yugoslav partisan organizers, military organizers, who were to be, in due time, as they were, sent back into Yugoslavia to fight on the side of the Communist partisans in Yugoslavia under Tito.

Now, this is 1942, and that story of the civil war in Yugoslavia is an old story now, but, at this juncture in the war, this was something which the Russians did not want anyone to know, that this was going to be their military and political approach to the Yugoslav problem. They did not want anyone to know it; least of all did they want any of their allies to know it. And they knew full well, of course, that Lea Schiavi had wide access to Western embassies and Western journalists, and so, sir, the conclusion of the CIC insofar as I have been able to gather it, was that Lea Schiavi was assassinated because she knew too much.

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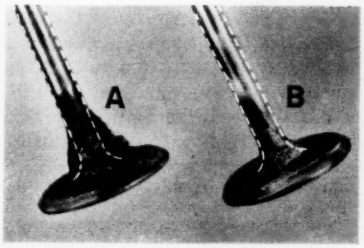

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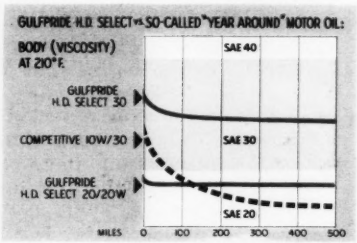
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Optimism is breaking out all over. There's no longer much doubt about the near-term business outlook. It's good. That's an almost unanimous opinion.

Summer doldrums, a normal pattern for industry, is expected to be milder than usual this year. Some firms are counting on increased volume.

Autumn pickup now is counted as a certainty, with improvement carrying over into 1956. All fears of a setback to business seem to have vanished.

Of major significance is the fact that this optimism is shared by almost all of the managers of industry. They are the people who make decisions, who plan production and sales schedules. What they do has a direct effect.

Business confidence, furthermore, seems to be nation-wide in scope.

In New York City, 275 firms have been polled by the Commerce and Industry Association. Almost 90 per cent expect business in the second half of the year to be as good as or better than the first half.

Manufacturers in New York are the most optimistic. Almost three fourths of them look for production gains during the remainder of the year.

In wholesale trade, more than half expect to improve sales.

In finance, insurance, real estate, gains are seen by 53.2 per cent.

In import-export trade, 46.4 per cent are counting on improvement.

The present boom, in brief, is generating more optimism than the booms of 1947-48, or the boom that ran through the first half of 1953.

Now look at this sampling by the First National Bank of Chicago:

A steel-company executive looks for record production this year.

A top utility official sees a banner year for electric power.

An appliance manufacturer expects better sales in 1955 than in 1954.

A merchant counts on sales ahead to top the 1954 second half by 3 to 5 per cent. That will be a more modest gain than during the first half.

A meat packer expects the industry's volume to be up 3 to 4 per cent.

A builder notes that construction has gone ahead faster than business in general, but expects no major reverse for the balance of this year.

A farm-equipment maker says his industry has reason to be optimistic.

A railroad executive sees a 10 to 12 per cent gain in operating income.

An automobile executive looks for a decline from the high rate of output in the first half, but still 10 per cent above last year's second-half rate.

There is no sign of gloom in the industrial Midwest.

To jump across the country to the 11 Western States.....

Better business in the third quarter than in the second quarter is seen by 80 per cent of 1,000 executives in these Western States.

Improvement over last summer is expected by an even larger percentage.

(over)

Optimism is highest in retail and wholesale trade, least in farming and mining. It's substantial in manufacturing.

These are the findings of the Western Business Forecast Panel polled by the Los Angeles office of the Prudential Insurance Company of America.

Railroads are joining the ranks of optimists. Freight shipments are expected to be higher than a year ago during the third quarter in every section of the country. Gains are estimated at 10.4 per cent.

Government has figures to back up these optimistic sentiments.

Factory orders continue to climb. Incoming business in May was at the best monthly rate since January, 1951, when the Korean war was raging.

Orders placed with manufacturers totaled 27.7 billion dollars, allowing for seasonal trends. That's a gain of 1.6 billion over April.

Largest gains were made by manufacturers of steel, metal equipment, other hard goods. They jumped from 12.9 billions to 14.4 billions.

Shipments also showed a gain from 26 billions to 26.5 billions, shared about equally between producers of hard goods and makers of soft goods.

The order backlog also is higher. Unfilled orders on factory books in May amounted to 48.5 billions, a gain of 500 millions over April. Hard-goods industries have a backlog of nearly 3.5 months on their books. Steel industry is booking orders for fourth-quarter delivery.

Inventories at factories rose 300 millions in May.

Gain in inventories was largest among producers of soft goods, most of whom reported minor increases for the month.

Increased inventories in the hard-goods group occurred mostly among the producers of machinery, whose orders are rising.

In relation to sales, inventories are smaller than they were a year ago. Sales are running considerably ahead of last year, but factory inventories are smaller than they were a year ago. Inventory-building is likely to continue.

Individuals are still going into debt to acquire goods.

Installment credit outstanding at May's end topped 24.1 billions. That marked a gain of 636 millions during the month.

Automobile sales accounted for the bulk of the month's increase.

New credit extended for installment purchases during May hit a monthly record at 3.2 billions. That is a gain of 117 millions over April.

Repayments of old debt also are running high. In May, repayments came to more than 2.5 billions.

Prospects are that people will continue to buy more "on the cuff" for the rest of this year. There are few signs of slowing demand yet, but in the months ahead auto sales are likely to dip, with less credit expansion in this area.

Rumors persist that the Treasury is to issue a new long-term bond to meet part of its money needs. Guesses now call for a 40-year term.

Short-term borrowing also is stepping up. Treasury plans to raise about 100 million dollars of new money a week for the next 13 weeks by increasing its offerings of 90-day bills. These issues find ready buyers.

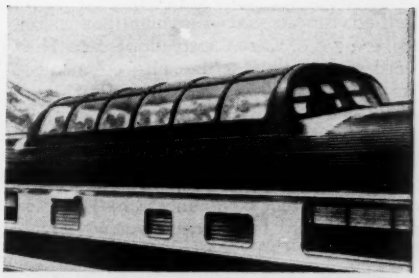
George Stephenson won a prize of £500 when his "Rocket" averaged 5 mph more than the rate specified by the Directors of the Liverpool and Manchester Railway.

He tied the railroads to a "rocket's" tail...

Before October 8th, 1829, rail traffic was handled in many localities by fixed engine power. Then Stephenson's "traveling engine," the "Rocket," hauled 13 tons at 15 mph—proving for all future railroads the practicality of the locomotive.

Today, high-speed diesels roll 100 times the "Rocket's" record at five times its speed. Providing sinew to haul heavy loads are special alloy steels made with Vancoram ferro alloys. These steels add strength and toughness to gears, rocker arms and many other moving parts. Alloy and stainless steels also help solve design problems by reducing costly weight. Passenger cars of stainless steel are lighter, stronger, more comfortable to ride in ... more economical to build and operate.

The railroads are only one of many industries whose growth has been tied to the development of alloy steels. As a leading producer of chromium, vanadium, manganese, silicon and other ferro alloys, Vanadium Corporation helps the iron and steel maker meet the demands of every industry for finer, more versatile metals—to write new records of progress.



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PAY RAISE—OR LAYOFF PAY?

A Lot of Workers Prefer Cash in Pocket

More money in the pay envelope looks better to a lot of workers than layoff benefits that may not be paid for a long time. That's why some unions are slow to follow auto workers.

It's a very practical problem that workers face: Should they hold out for the annual-wage idea? Or should they press employers for hefty pay raises that mean more cash here and now?

It is beginning to be apparent that an old-fashioned pay raise still has more appeal for the average workingman than so-called "pie in the sky" demands such as an annual wage. A look beyond the wage negotiations in autos and steel indicates that Walter Reuther's ideas may not be as alluring to workers as they once were expected to be.

It was Mr. Reuther, president of the CIO and of its United Auto Workers, who demanded a guaranteed annual wage from the auto industry and then settled for an unemployment-pay plan covering 26 weeks instead of 52. The settlement will cost the auto companies an estimated 20 cents an hour, but only 7.5 cents of that is in the form of pay raises for 1955.

Auto workers were just beginning to digest the terms of this settlement when, last week, steel companies raised wages 15 cents an hour, effective at once. That meant 7.5 cents an hour more in immediate pocket money than the auto workers got. It was a situation that made workers in a lot of other industries sit up and take notice.

The issue was clear: Should unions, with their 1955 contracts still unsigned, go for the Reuther plan or should they stick to wage demands? The extra 7.5 cents an hour that the steelworkers were getting looked big. To employers, this worker reaction was a tip-off that there probably would be more pressure this year for pay increases than for the auto-industry type of settlement.

A few unions, it is felt, still will be after the annual wage this year, but others will take the cash and let the future take care of itself. Even so, many employers believe that there will be demands for annual-wage contracts in their industries in later years. They think, however, that the "heat is off" for a while, due to steel bargaining.

A look ahead. When these employers—and union leaders—look ahead, they see these situations shaping up:

• In coal, the mineowners expected John L. Lewis to announce new wage demands soon after the smoke had cleared in steel.

• Meat-packing firms probably can settle for a wage increase, with a guaranteed wage put off for future negotiations. Most contracts in the meat-packing field bar unions from filing demands this year except on wage increases. The AFL Meat Cutters indicate that they are not going to press for an annual wage, in the smaller firms at least, even when contracts permit it.

• Rubber companies, due to get wage requests later this year, also take the position that 1955 demands must be limited to pay raises, under terms of the wage-reopening clauses.

• Firms making farm equipment are up against demands from the CIO Auto Workers for auto-company-type contracts, although other unions in this field favor wage increases.

• Electrical-appliance companies also are getting pressure for unemployment pay—from CIO Electrical Workers, who won it at General Motors electrical plants. However, other firms are expected to resist the idea strongly. A major showdown is scheduled for September 15, when the union's contract with General Electric expires. The union is threatening a strike at that time.

• Oil Workers, CIO, are accepting cash wage settlement of 10 cents an hour, without making demands for the annual wage. This trend is likely to continue. Union officials indicate that employment already is so stable in this industry that workers are not asking for unemployment pay.

• Railroad workers, seeking pay raises, are placing their emphasis on the cash demand, not on annual-wage proposals. The Brotherhood of Locomotive Engi-

WITH THE STEELWORKERS . . .
. . . it was cash that counted

neers is asking for a pay raise of 22.5 per cent to restore a differential formerly enjoyed by this craft over other groups in the industry. Locomotive Firemen also are seeking raises.

• AFL Teamsters, out on strike in various areas, are taking settlements that stress wage increases. If extras are given, the annual wage is not included.

• In aircraft, unions also are asking for cash increases, for the most part. The AFL Machinists union, holding contracts with various firms, is not mentioning the annual wage. Officials of the CIO Auto Workers reportedly have said that the auto-type plan may not be feasible in aircraft, where employment goes up and down according to the volume of Government orders for military planes.

• In telephones, the CIO Communications Workers voted to demand a 35-hour week, with 40 hours' pay, for this year. The annual wage is not on the list here.

Discontent in autos? While the other industries waited their turn at the bargaining tables, CIO Auto Workers pushed ahead with their drive to sign up Chrysler and the smaller auto manufacturers and parts plants.

This campaign was marred somewhat by wildcat strikes in some of the General Motors plants, where workers objected to the settlement terms. There were reports of workers dissatisfied with the size of their cash increase, of those who preferred a larger pay raise to the possible future benefits of an unemployment-pay plan.

Some of the agitation came from skilled workers who demanded larger wage increases for their classifications. Some skilled groups got increases of 8 cents an hour in addition to the general increase that averaged 6.2 cents an hour.

The auto "package" was estimated by the union at about 20 cents an hour. This includes a payment of 5 cents an hour being set aside for a trust fund to finance unemployment benefits supplementing what a laid-off worker gets from his State's unemployment-insurance program.

This unemployment-pay plan falls short of the union's original demand, but Mr. Reuther has called it an important first step toward the annual wage. Under the plan, a worker will be able to collect up to 26 weeks of layoff benefits totaling 60 or 65 per cent of his normal take-home pay. However, the entire program will not start for at least a year, and then not until it has approval of State officials.

As other unions study the details of the Ford settlement, they are finding that the layoff plan is not as attractive as they thought it was. Union officials are starting to object to some of the features of the plan, and will want to avoid these angles if they decide to seek similar programs in their industries.

(Continued on page 88)

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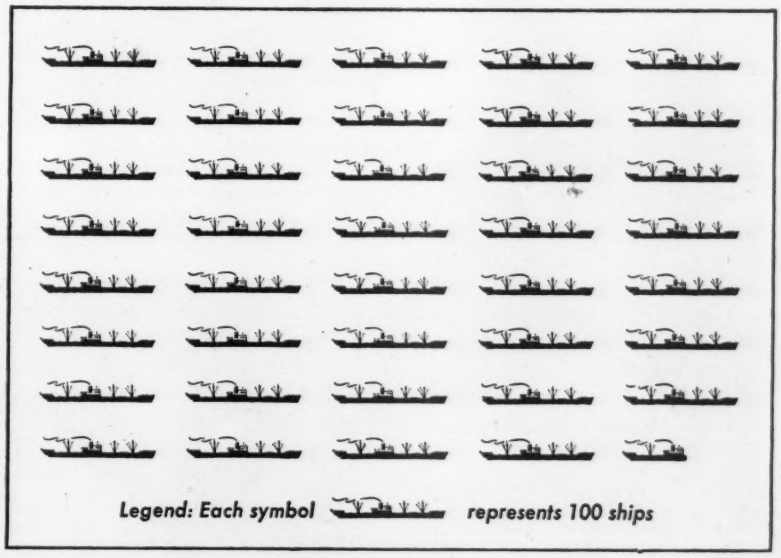

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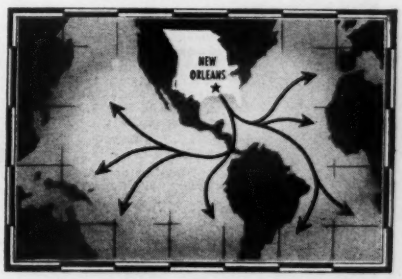

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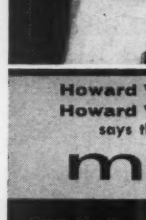

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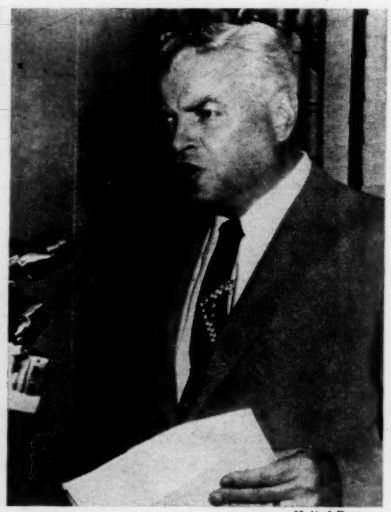
. . . Annual-wage guarantee is Steelworkers next goal

When the Steelworkers Union opened its 1955 bargaining, the contracts with steel companies provided that only a general wage increase could be discussed this year. Union president David J. McDonald announced that he would abide by the agreements, that he would seek a guaranteed annual wage when his contracts expire on June 30, 1956. He has indicated that he would not be content with the modified plan won by the auto union.

The opening offer from the steel companies was rejected by Mr. McDonald, although this offer amounted to slightly more than 10 cents an hour in wage increases. This compared with a cash raise of 7.5 cents an hour, on the average, for the auto workers. Mr. McDonald, however, compared the steel offer with the total auto package of 20 cents.


—United Press

DAVID J. McDONALD
. . . an annual-wage fight in '56?

Talks in coal. As the steel negotiations moved to their climax, there were reports that Northern coal operators had heard from Mr. Lewis. The United Mine Workers leader, according to these rumors, twice has met secretly with Harry M. Moses, representing a large group of Northern operators. It also was reported that Mr. Lewis conferred privately with Benjamin F. Fairless, now chairman of an advisory committee of U. S. Steel. "Big Steel" sometimes sets a pattern in coal, through its "captive" coal mines.

Other mineowners were wondering if Mr. Lewis might not reach a wage agree-

(Continued on page 89)

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. . . John Lewis's specialties: welfare fund and wages

ment with the Northern operators soon after a steel settlement, and then apply for the same pay raise elsewhere in the industry. Coal contracts allow Mr. Lewis to terminate the agreements by filing 60 days' notice at any time.

Coal miners got their last wage increase in 1952—a raise of $1.90 a day. At that time there also was a boost of 10 cents in the royalty paid by operators into the union's welfare fund. They now pay 40 cents into the fund for each ton of coal mined. The miners' base pay is $18.25 a day.

Since 1952, Mr. Lewis has not wanted to open up his contracts because of depressed business conditions in the industry. However, coal production this year shows signs of an upturn.

Mr. Lewis never has talked of seeking a guaranteed wage in coal. His aim in recent years has been to build up his welfare fund, which provides pensions to retired miners along with hospital care and other benefits. But Mr. Lewis's interest in the welfare program never has prevented him from also demanding a cash wage increase for miners.

Auto Union Got Bigger "Package"

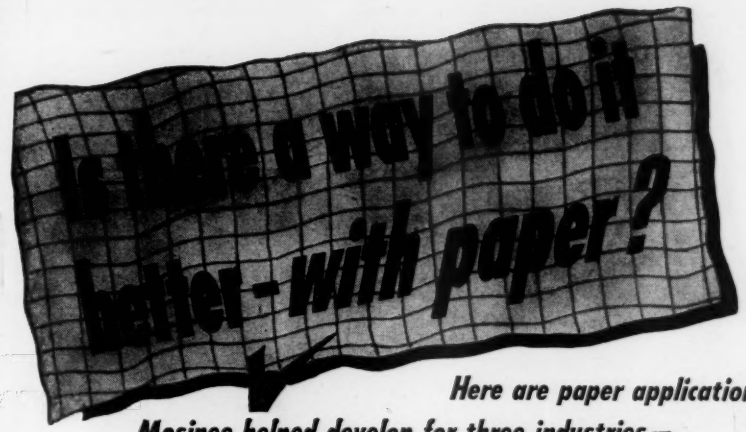
Pay raises just won by CIO's Steelworkers put the steel union ahead of CIO Auto Workers in the amount of cash wage increases for this year, but the auto union got a larger total "package."

In steel, workers are getting raises that average 15 cents an hour. These raises are larger for skilled workers. At Ford and General Motors, wage increases averaged about 7.5 cents an hour, with the skilled workers getting more than those in lower-pay brackets.

Fringe benefits given to auto workers, however, were not included in the steel settlement. CIO Steelworker contracts could not be opened on any issue except a general wage increase this year. The auto union estimated that its Ford and GM settlements cost employers about 20 cents an hour per worker.

Steelworkers retained their lead over auto workers in average straight-time earnings. After the increases, steelworkers average $2.35 an hour, without overtime pay, against $2.215 in autos.

Since World War II, steelworkers have collected a total of $1.045 in pay raises, on a round-by-round basis. Ford workers in the same period got a total of 93 cents in raises.



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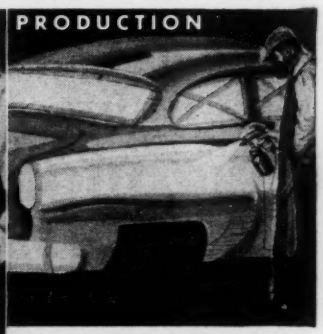

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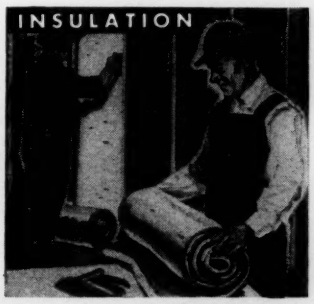

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FROM ENGLAND

A CITY TURNS LEFT

COVENTRY—This city, here in the heart of Britain's industrial Midlands, is different from most English cities. By standing in the middle of the main square, you can see that Coventry is now one of the most modern cities in England, with its up-to-the-minute shopping center, its hundreds of new houses.

It is this way because Hitler's bombers destroyed so much of the city in 1940. In rebuilding Coventry, the people made it a new place.

If you are an American, you can discover something else that is different about Coventry. Talking to the city officials, you learn that their city hall has become a flourishing propaganda center with an output, in many respects, the same as that coming from Russia.

Outlaw the H-bomb? Coventry's city government, you find, is dominated by what in America would be called a majority of left-wing Socialists. These Socialists disagreeing with the Conservative minority in their city council, are against the manufacture of the hydrogen bomb—especially by the U. S. or by Britain. They're for an immediate United Nations ban on production of nuclear weapons, even without adequate international control machinery. This, of course, is the same line taken by the Soviet Union.

And then you discover that Coventry's Socialists are disseminating this line in close co-ordination with the city council of Stalingrad, U. S. S. R., a city that received much the same kind of war treatment from the Germans.

"We are confident in Coventry," says Socialist Lord Mayor John Fennell, "that the hydrogen bomb and other nuclear weapons of war should be outlawed without delay."

The Lord Mayor used these words in an article he wrote for the Soviet weekly, *New Times*, which was reproduced in the official city-government publication, "Coventry Civic Affairs." His article appeared side by side with one of similar views by Sergei Shapurov, mayor of Stalingrad. The two officials also joined in an appeal to the U. N., urging a prohibition of atomic and nuclear weapons.

Ostensibly, this connection between the two cities stems from their common

—Sovfoto

THE MAYORS OF STALINGRAD AND COVENTRY
. . . joining in an appeal to ban nuclear weapons

sufferings during World War II. In 1942, when Stalingrad was under siege, the Coventry Council organized an intercity friendship group. The connection was kept up after the war. But it wasn't until the Communists began promoting an immediate ban on H-bomb manufacture that the friendship flourished so strongly.

The Lord Mayor and his Socialist colleagues journeyed to Stalingrad last year, and Mr. Shapurov and his council have been guests of the Coventry city government. And it is pointed out by some people here in Coventry that the chief official of Stalingrad would enter into a relationship with the head of a British city only if that move suited the Kremlin's propaganda line.

In the United States, the usefulness of this relationship to the Soviet propagandists would be obvious. Here in England, it is not so obvious.

How many Communists? People in Coventry will tell you that their city government is loaded with Communists who deny vehemently that they are Communists, but who seem, as Shakespeare said, to "protest too much."

But the same people who tell you these things can recall vividly the Nov. 14, 1940, raid which killed 1,236 persons; destroyed or damaged almost all the buildings in town. These people will point out the ruins of Coventry Cathedral, which stood as a relic of the fourteenth century before Hitler's bombers left only its spire standing.

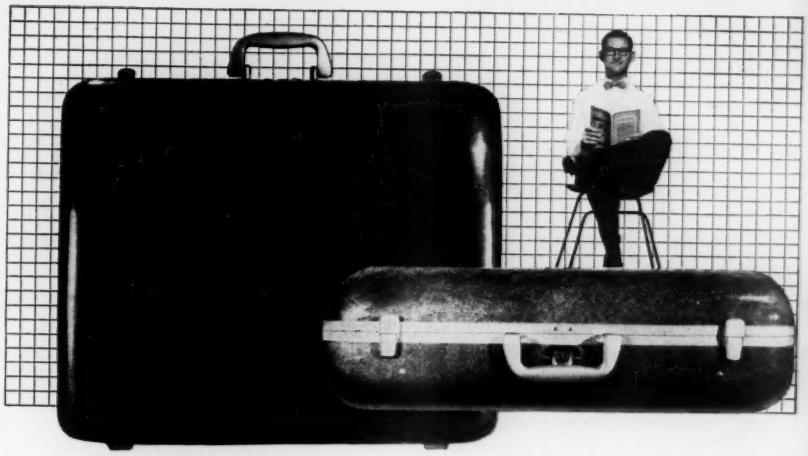
They will also tell you about Coventry's history, full of legends of knights and kings and barons. Coventry was founded by the Earl of Leofric and Lady Godiva in the eleventh century. Local citizens will show you the new statue of Lady Godiva in the city's main square.

You'll hear, too, that Coventry stands on what once was the Forest of Arden, setting of one of Shakespeare's plays, and about how the bicycle was invented here.

They tell you these things to make it clear that Coventry has a history, capped in 1940 by its complete destruction by fire and blast. With a background like this, you are told, the fear of destruction again is very strong here.

Whether their Lord Mayor is purposely serving the Communist propaganda line, many people in Coventry are not sure.

If you ask the Lord Mayor about it, he will tell you he is not a Communist, that he is not following the Communist line. But you can find opinion in Coventry that says this effort to get Britain to stop making the hydrogen bomb is doing Coventry—and England—more harm than good. Many people feel that the memory of their city's devastation in 1940 now is being used to advance Communist propaganda against the one weapon that is keeping the Russians away from Coventry.



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SENATORS QUESTION NEWSMAN

A Former Communist Is Cross-Examined on Reporting and War

Is there an infiltration of newspapers and other organs of public opinion in U. S. by Communists, former Communists or sympathizers with Communism?

An answer to this question is being sought by a Senate committee.

Senator James O. Eastland, Committee chairman, listened to testimony by people now or formerly in news work, then commented that their stories showed "the high pattern of infiltration and the grip the Communists had on American life."

The Senator added, however, that he felt certain this situation had been "substantially corrected" in recent years.

Winston Burdett, radio commentator, told Senators he once served the Communists as a spy. You get this story on page 70.

Charles Grutzner, New York *Times* reporter since 1941, testified he was a member of the Communist Party from 1937 to 1940.

Senators questioned Mr. Grutzner not only about Communism, but also about two news stories he filed from the Korean war zone.

Questions of national security were raised in connection with these stories. Both Mr. Grutzner and the New York *Times* denied the stories involved anything out of the way.

Pertinent portions of what Mr. Grutzner told the Senators are given below.

Following are extracts from the transcript of the hearing of the Senate Internal Security Subcommittee on June 30, 1955:

Mr. Sourwine [J. G. Sourwine, chief counsel of the Subcommittee]: Were you, Mr. Grutzner, while you were employed by the Brooklyn *Eagle*, a member of the Communist Party?

Mr. Grutzner: I was.

Mr. Sourwine: Were you—

Mr. Grutzner: Pardon me. You said, while I was employed. During part of my employment. I didn't become a member until 1937, and I got out in 1940.

Mr. Sourwine: And during all of that time you were employed by the Brooklyn *Eagle*?

Mr. Grutzner: Yes, sir.

Mr. Sourwine: Now, were you a member of the Communist Party unit in the Brooklyn *Eagle*?

Mr. Grutzner: I was.

Mr. Sourwine: During all of this time?

Mr. Grutzner: Between those dates I mentioned, yes.

Mr. Sourwine: Now, who recruited you into that unit?

Mr. Grutzner: I am wondering how far back you want me to go. I wasn't recruited all at once. Someone invited me to join the party in 1936, and I did not join. Then in 1937, after I was moved from Queens into the Brooklyn office of the *Eagle*, I was again invited, and then I joined.

° ° °

Mr. Sourwine: And when you say you became a member, how did you do that? Did you go to a meeting and take a pledge of some sort, or just how did it happen?

Mr. Grutzner: I don't believe I ever was asked to take a pledge. My best recollection was that I was—I wouldn't say reluctant—I was hesitant. I mean, I am not a joiner. I had never joined anything except my union, and here a proposal like this was made to me, and I said I wanted time to think it over, or something, and I was invited to a meeting at which I was told other Communists would be.

It was a large meeting. My recollection is that it was held in a hotel in Manhattan. It may have been the Claridge, but I am not sure, because many union meetings were held there, and I met a number of people. And after that, I think I started paying dues. I didn't take a pledge or anything.

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Mr. Sourwine: When did you leave the Communist Party?

Mr. Grutzner: In the fall of 1940.

° ° °

Mr. Sourwine: Why did you leave?

Mr. Grutzner: It was a cumulative sort of thing. One of the reasons I left, and perhaps I should explain why I got in before I tell you why I left—one of the factors that determined me or influenced me into joining was that I was told I was working for civic causes and for other causes for which the party was working, and that I could be more effective in the things I was doing if I helped make the decisions, rather than stand on the sidelines and take part in the things later on.

They said, "When you are on the inside, you help make the decisions. This is a democratically run party." I think a Kansas farm boy, Browder, was the national chairman then, and they called it twentieth century Jeffersonian democracy, or some such thing, and I felt, "Well, this is all right."

And then, after a while, I found out the meetings were not as democratic as they had been, and that was one of the things that induced me to get out.

This didn't come suddenly. This came over a period of time. I would stay away from many meetings, and then they would say to me, "Well, it is about time you showed up for the meeting."

And I said, "Well, look, I have reached a point where we don't see eye to eye."

. . . "They said, 'Everybody uses a fake name,' and I used one"

They said, "Well, come around to a meeting and talk about it."

This went on over many months, and finally I just stayed away for good.

Mr. Sourwine: Did you ever do anything to signify your decision to break with the party.

Mr. Grutzner: I spoke to the party organizer about it. I did not put it in writing, for obvious reasons.

° ° °

Mr. Sourwine: In your own mind, you made a clean break at that time.

Mr. Grutzner: I did.

Mr. Sourwine: In the fall of 1940?

Mr. Grutzner: Yes, sir.

Mr. Sourwine: Now, since that time, have you been in any way at any time under Communist discipline?

Mr. Grutzner: I have not.

° ° °

Mr. Sourwine: Since you left the Communist Party in the fall of 1940 have you ever knowingly aided and abetted Communism?

Mr. Grutzner: No, I have not.

° ° °

Senator Hennings [Thomas C. Hennings, Jr., (Dem.), of Missouri]: Were you instructed as to secrecy, not to tell anybody that you were a member or to indicate that any others were members of this?

Mr. Grutzner: I would not say I was instructed. It was assumed all around, because in those days, even though the Communist Party was a legal political party—I don't think there was any such thing as the Attorney General's subversive list, at least, I have no recollection—but it was an unpopular minority party, and it was dangerous in certain jobs.

In certain jobs, if you were known as a Communist, you might lose your job. And it was assumed that you were not going to go around advertising the fact.

In fact, when I was asked to join, that was one of the questions I raised. I said, "Well, how would it affect me in my job?"

"Oh, well," they said, "everybody uses a fake name for the records, anyway." And I used one. But there was no pledge of secrecy. It was just assumed that you weren't going to go around blabbing about it.

° ° °

War Correspondent in Korea

Mr. Sourwine: Mr. Grutzner, were you ever in Korea?

Mr. Grutzner: I was in Korea as a war correspondent for the New York *Times*.

Mr. Sourwine: During what period?

Mr. Grutzner: From September through December of 1950.

Mr. Sourwine: Did you during that time have any contact with members of the Communist Party of China?

Mr. Grutzner: I most certainly did not.

Mr. Sourwine: Did you have any trouble with the Army during the time you were in Korea?

Mr. Grutzner: I never had any trouble, but somebody has tried to make trouble about something, an incident that I related to you, and I am glad of the opportunity to spread it out on the record now.

It was in December of 1950, and I was in Seoul. I had been up in North Korea with the Army and I came back to Seoul, and we had daily briefings.

And this morning one of the reporters suggested to me and to two of the wire service correspondents that there was a bigger story cooking out at Kimpo Airfield than at the briefing, and we took a jeep and we went out to Kimpo Airfield. And the story was to be this: Our Sabre jets, which had been in Korea for some time, had been in training flights, had been on reconnaissance, but they had not engaged the enemy, and they were supposed to fly up to the Yalu River that day, and if they scored, if they were in contact with the enemy, the story then would be ready for publishing.

° ° °

So, of course, when the plane landed, there were a few of them, I don't recall how many, everybody rushed into the briefing tent and the airmen told how they had engaged in combat.

This was a pretty good story. And later we discussed it with the public-information officer of the Air Force at the airfield, and he filled us in on all the details.

—Wide World

CHARLES GRUTZNER TESTIFYING

And then as a routine thing he said, "Well," he says, "let's call Tokyo and get clearance." At that time there was only voluntary censorship. There was no enforced censorship yet.

So we called Tokyo and we got a PIO [Public Information Office] colonel in Tokyo who said, "We are not going to let you use that story yet." And one of the men got on the phone and argued with him, and he got off the phone and he said, "Why that so-and-so." He says, "The reason he doesn't want us to use the story, I will bet, is because it is now early Sunday morning in New York City and the Sunday morning papers are out already and there will be no other papers until Monday morning, and they want to hold it up to hit all the papers on Monday. That's the way General Stratemeyer operates."

(Continued on page 94)

. . . "Our clearance came from the top, from the Pentagon"

I am quoting the other man. I had no opinion. And we were all pretty burned up about it.

We said, "Well, God, this is voluntary censorship. We were told that when the MIG's are in combat there is no more secret about it. The enemy got hit by them and we knocked down one of the enemy." So we rode back to Seoul—

° ° °

All right. We rode back to Seoul in a jeep. Although the temperature was below zero, we were burning all the way back and we discussed this. And one of the correspondents then said that the PIO colonel in Tokyo, when he had been argued with on the phone said, "Well, the Pentagon said we shouldn't let the story go until they approved of it."

And then this correspondent said, "Well, inasmuch as Stratemeyer or Stratemeyer's PIO has put the responsibility on the Pentagon, why can't we get clearance from the Pentagon. If the Pentagon releases the story, well, it certainly is in the clear. There is no higher authority on military matter than the Pentagon."

And we agreed then that we would go back and we would file our story to our headquarters with a long precede explaining all the circumstances and saying, "Do not use this story unless you get prior clearance from the Pentagon."

° ° °

First News of Sabre Jets

I wrote my story, and it was a long story, and I think it was a good story. And I was ready to go down and call the jeep and drop it off at RCA, where we filed our copy, when my colleague, Dick Johnson, came up to the room and I said, "Gosh, Dick, are you back from Tokyo?" And he said, "Yes, I just got in around dinnertime," and I told him about this story and mentioned who we four reporters were who had got the story and what we were going to do.

And he then mentioned the name of one of the reporters I had mentioned and said, "Well, gosh, I don't see how he can file. He's been down in the hotel lounge with me all evening."

So, of course, I was astounded by this, and I went down and called this other correspondent out of the lounge and said to him, "Look, are you passing this story up?"

° ° °

I said to him, "Gosh, I am filing more than a column and a half on this," which is a lot to cable, but I thought the story was worth it.

And he said then, he said, "Look, it's 10 o'clock in the morning in Washington." He said, "Nobody is going to be at the Pentagon." He says, "One chance out of a hundred that that story will get through before tonight, and by that time we will have clearance from Tokyo."

So I said to him—it was a wire-service man who suggested that we all file—I says, "I feel I must file to protect myself if nothing else. If this thing goes out, comes into my office over the wires, they'll say, 'Where was Grutzner when this happened'"?

So I offer him my carbon copies of the story, and I said to him, "Look, take this, change it around a little if you want to, but to protect yourself, file."

And I rode with him in the jeep over to RCA, and I was practically thrusting my copy at him all the way, and it was purely an error of judgment on his part. He just thought it wasn't worth filing.

Well, I filed my copy. I left a set of duplicates with the jeep driver to drop into the PIO box, which was procedure then. You didn't have to have your copy censored before you filed, but you dropped a copy into the PIO box so they would have it for the record.

° ° °

I observed all normal procedure, and I filed my story with a long preceding explanation saying this must be cleared by the Pentagon. I went back and I went to sleep.

It so happened that I was due to return to the States. My replacement already was on his way to Tokyo. It was about four days later, according to arrangements that had already been made, that I returned home.

Criticism From the Front

I got home on Christmas Eve from Korea. I spent the Christmas holiday with my family, and it was several days before I went in to the *Times* office. I then rifled through the papers on the file to see how the stories had been handled, and I noticed in one of the other papers there was a story out of Tokyo in which General Stratemeyer, who had been rather unhappy over this thing, had said voluntary censorship had been broken. Lives of American airmen might have been endangered.

I was surprised that if such a story were published in this country, that my office hadn't called me to find out about it. I then went to my foreign desk and discussed it with them, and they said, well, it was so silly on the face of it, there was no point in us querying you. "We got your story in New York"—I believe it was early Sunday morning, there is a 13-hour time difference—"and we put the whole story on the teletype machine to our Washington Bureau, and somebody in the Washington Bureau took your whole story over to the Pentagon, got clearance from the Pentagon. We then published the story, and after we had done that we knew we were in the clear. There was no reason for us to get excited over anything Stratemeyer or anyone else might say. Our clearance came from the top, from the Pentagon."

° ° °

Senator Johnston [Olin D. Johnston (Dem.), of South Carolina]: Did this incident have anything to do with you leaving Korea as a correspondent?

Mr. Grutzner: Absolutely not, and the records at the *Times* will show I had been sent over to Korea on an emergency basis. . . . There was no understanding I would be there for any particular period of time. And I was ready to come home.

° ° °

Senator Johnston: Did this article that you gave have any military secrets that might be detrimental to our soldiers in the field?

Mr. Grutzner: I don't believe it had anything. Whatever information was in it had been supplied by the Air Force itself, and had been cleared by the Pentagon before the *Times* ever published it, so I don't conceive how it possibly could have done injury to anyone.

° ° °

Senator Eastland: Mr. Grutzner, did you know that General Craigie recommended that you be removed from the Korean theater for giving classified information to the enemy—

Mr. Grutzner: Senator, this is the first—

Senator Eastland: —by virtue of that story?

Mr. Grutzner: This is the first I have ever heard of that. I wonder, to whom did he make the recommendation. I am sure if it had been made to the *Times*, I would have heard about it.

. . . "I felt I was performing a public service"

Senator Eastland: Did you know that he stated that that story would cost American lives?

Mr. Grutzner: Of course I didn't know that.

Senator Eastland: As a fact, were you removed from the theater on orders?

Mr. Grutzner: I was not, and I was not requested to leave, either, and I am very definite about that, Senator.

* * *

Senator Eastland: Did you know it was said, "This public disclosure has lost to the United States Air Force a tactical advantage which may result in the loss of American lives," and that you were removed from the theater on the recommendations of Major General Craigie?

Mr. Grutzner: Senator, I challenge that fact because I know that I was not removed. I challenge the statement. It is not a fact, and I state that as emphatically as I can.

* * *

Mr. Sourwine: Mr. Grutzner, did you ever intentionally slant any stories that you sent back?

Mr. Grutzner: I certainly did not.

Mr. Sourwine: Did you ever write any stories that were picked up by the *Daily Worker?*

Mr. Grutzner: I never saw any of my stories in the *Daily Worker.*

Report on "Lawless" GI's

Mr. Sourwine: Do you remember writing a story about the Army acknowledging three homicides in the last 10 days, involving U. S. soldiers as defendants?

Mr. Grutzner: Yes, I believe I did file such a story.

Mr. Sourwine: Did you write a story with a head in the *Times* about GI's abusing Koreans in Seoul?

Mr. Grutzner: Wasn't that the same story?

Mr. Sourwine: Was that the same story?

Mr. Grutzner: It was.

Mr. Sourwine: The *Daily Worker* put a different head on it.

Mr. Grutzner: I am interested to see what they did with it. What did they say?

* * *

Mr. Sourwine: Well, I will make the record clear. I will read the first paragraph of the *Times* story:

"By Charles Grutzner, Special to the New York *Times.*

"SEOUL, Korea, Wednesday, December 20—The American soldier who won a warm spot in the hearts of the populace when he entered this capital as a liberator nearly three months ago now is regarded with suspicion by many Koreans because of the looting and violence of a small group of the United States forces. The recent outbreak of lawlessness has caused the Provost Marshal to take several restrictive measures, including the closing of dance halls and changing the curfew for military personnel," and so forth.

Mr. Grutzner: That's right. And you will note that I limited this to a small group. There was no complaint about the GI in general, and I felt I was performing a public service by calling this to the attention of the American people. That is why newspapers send special correspondents over there.

* * *

Mr. Sourwine: To get back to this story, Mr. Grutzner, did you write in this story: "Seoul's seven dance halls, after operating in an orderly way, became arenas for nightly brawls, much gun brandishing and some shooting. Merchants complained that the GI's inspected their wares and then walked off with the desired items, for which they refused to pay. Korean women were molested in the streets by American soldiers, and several shootings of Koreans were reported to the authorities."?

Mr. Grutzner: That's right. And I would like to tell you why I wrote that story.

Mr. Sourwine: That is what I want. I would like to know if there is any connection between the incident which took place on the 17th, and the censure which the General made by written communication on the 19th, and the story you filed on the 20th, which was very critical of the Army.

Mr. Grutzner: It was not critical of the Army. It was critical of a small group of GI's, as my lead says. I wish you would not misinterpret what I write, sir.

Quoted in *Daily Worker*

Mr. Sourwine: I will offer the entire article for the record, Mr. Chairman . . . . I will also offer for the record at this point an article from the *Daily Worker,* New York, Thursday, December 21. The heading is:

"Say violence in Seoul stirs anti-U.S. feeling.

" 'The Army acknowledges three homicides in the last 10 days involving U. S. soldiers as defendants,' a New York *Times* dispatch from Seoul, Korea, said yesterday. The story, by Charles Grutzner, declared that American soldiers now 'regarded with suspicion by many Koreans because of the looting and violence of a small group of the U. S. forces.'

"Grutzner said that 'not all of the culprits are enlisted men.' He reported that 'following a recent collision between jeeps, U. S. captain in one jeep shot the Korean driver of the other, and escaped.'

"Most 'breaches of discipline,' he wrote, 'took place since the return here from the North in the last two weeks of soldiers and officers that had been buffeted by the Chinese Communists.'

"Examples of the violence against the Korean people were reported as follows"—and so forth.

* * *

Mr. Grutzner: . . . Now, you are quoting from the *Daily Worker.* I know you are not implying any responsibility on my part, but I want to point out to you that the *Daily Worker*—and I think you should make this clear, Mr. Sourwine—you know how these Communist outfits operate.

The *Daily Worker* quotes regularly not only from the New York *Times,* from other newspapers, and it picks things which its own interpretation might strike the fancy of the people who read it, or it may appear to serve its own purposes.

Mr. Sourwine: That's right. That is why they printed your story. It appeared to serve their purposes.

After Mr. Grutzner's testimony, the New York Times said it "rejects any implication that national security was jeopardized by its publication of Charles Grutzner's dispatch regarding the F-86 Sabre jet."

The Defense Department said that, at one time, Maj. Gen. Floyd L. Parks, then the Army Chief of Information, forwarded to the Defense Department a recommendation from two American generals in the Far East that Mr. Grutzner be disaccredited as a correspondent in Korea.

The Defense Department said it turned down this recommendation, notifying General Parks in a letter signed by Clayton Fritchey, then the Department's Director of Information and now Deputy Chairman of the Democratic National Committee.

PAY-AS-YOU-GO TAX FOR BUSINESS

Less Cash for Dividends, Expansion, Investment

Thousands of corporations are about to be forced into a new search for cash—cash for tax payments.

For the first time, these corporations must start paying U. S. taxes on income while they are earning the income.

Corporations, medium-sized and bigger ones at least, now are starting a switch to a pay-as-you-go tax plan something like the one that applies to people. Result, for thousands of corporations, is going to be a bigger need for cash.

What is happening, specifically, is that corporations which pay a tax of $100,000, or higher, are starting a speed-up requiring them to pay more and more of their taxes in the year in which income is earned.

With Government demanding earlier payment of big sums of cash, companies that have been laying aside money for taxes will lose the use of some of that money. Less and less of it will be available for working capital or for investing at a profit. And firms that have not been storing up tax funds as they go along will have to dig up the cash somehow—by borrowing, if necessary.

The outcome, in short, is to be less cash for all of the uses to which business puts cash—dividend payments, expansion, other things. That, in turn, means relatively more cash to be raised through stock or bond issues, or through bank loans.

Temporary tax boost, too. There's to be a temporary increase in actual tax payments, too, as you can see from the example in the chart on this page. The tax liability on a corporation's one-year earnings, of course, remains unchanged. Yet, for the five years required for the shift, many corporations are to be paying income taxes on more than one year's profits.

The speed-up, which comes closely on top of an earlier one, is to have a major impact on the finances of many companies.

Take big General Motors, for example. Without this new tax rule, GM would not have to pay a penny of federal income taxes in the last half of this year. With the rule, GM will have to turn over to Internal Revenue Service something like 50 million dollars between now and December 15. In the last year of the change-over, in 1959, GM will need roughly a quarter of a billion dollars for taxes in the last half of the year—assuming GM's profits and the tax rate are unchanged.

To see how this new rule is to work out for corporations, look what has happened, and is happening, to the tax schedule.

Speed-up No. 1. There was a time when a corporation had a full year to finish paying its taxes on profits made in the preceding year. Specifically, the tax was paid in equal quarterly installments.

In 1949, for example, a corporation paid its tax on its 1948 profits—25 per cent of that tax in March of 1949 and similar installments in June, September

TAX SPEED-UP: Corporations Will Need More Cash

Example: "ABC" Corporation, earning $10 million a year, before taxes.

UNDER OLD SCHEDULE— Corporation would have paid in income taxes:

March 15	June 15	Sept. 15	Dec. 15	Total tax payment
$2,597,250	$2,597,250	0	0	$5,194,500

UNDER NEW SCHEDULE— Corporation pays in income taxes:

	March 15	June 15	Sept. 15	Dec. 15	Total tax payment
1955	$2,597,250	$2,597,250	$ 254,725	$ 254,725	$5,703,950
1956	$2,342,525	$2,342,525	$ 509,450	$ 509,450	$5,703,950
1957	$2,087,800	$2,087,800	$ 764,175	$ 764,175	$5,703,950
1958	$1,833,075	$1,833,075	$1,018,900	$1,018,900	$5,703,950
1959	$1,578,350	$1,578,350	$1,273,625	$1,273,625	$5,703,950
1960 and after	$1,323,625	$1,323,625	$1,273,625	$1,273,625	$5,194,500

NOTE: Tax payments assume, for illustration, that top corporate tax rate remains at 52 per cent.

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and December. Some of the cash earned in 1948, and held for taxes, was available for the company's use through all of 1948 and almost all of 1949. Tax "accruals" provided an important part of a corporation's working capital.

Then, starting in 1950, Congress ended that quarterly-installment schedule. Corporations—under the so-called Mills plan—were required to pay more and more taxes in the first half of each calendar year, less in the last half.

In the first half of 1950, corporations paid—instead of 50 per cent of the tax on their 1949 earnings—60 per cent of that tax. In the first half of 1951, they paid 70 per cent of the 1950 tax.

This year, corporations completed the first speed-up. In the first half of 1955 they had to pay the entire tax bill on their 1954 profits.

Result has been a five-year squeeze on corporation treasuries. That squeeze has been reflected, for example, in bank borrowings around the March 15 and June 15 tax-due dates. It's been reflected, too, in the amount of new corporation stock and bond issues. Many a corporation, floating a new issue, has given as a major reason for its action the effect of the tax speed-up on the firm's need for working capital.

Speed-up No. 2. Now, a new tax-payment schedule has been handed to corporations. For the first time, many companies must start paying some of the tax on a year's income even before the end of that year. And this involves something else new to corporations—advance estimates of how much the year's tax bill is going to be, estimates just like those required of many individuals.

By September 15 of this year, corporations must estimate what the tax will be on this year's full income. If the tax is to be no more than $100,000, the company can forget about this second speed-up—at least for this year.

If the tax is to be more than $100,000, then the company must start paying early. By September 15, it must pay 5 per cent of whatever it expects its tax bill to be over $100,000. It must pay another 5 per cent by December 15. For the firm in the chart, earning 10 million dollars yearly, those two bills add up to about half a million dollars that—under the old rule—the firm would not have paid in this last half of 1955.

Next year, with part of the 1955 tax paid, the company will have less than usual to pay in March and June. But, in September and again in December, it must pay—not 5 per cent—but 10 per cent of its expected tax bill for 1956.

In 1959, the corporation will pay 25 per cent of the tax on its 1959 profits in September—that is, 25 per cent of the amount over $100,000. And it will pay similar 25 per cent installments in December of 1959 and March and June

(Continued on page 98)

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the washroom test

Recently, a large Philadelphia baking company* made a one-week, one-floor test of Mosinee Turn-Towls against two competing brands. Here are the results:

Cost of Towel No. 1	$12.30
Cost of Towel No. 2	$ 8.03
Cost of Turn-Towl	$ 5.70

In terms of both cost and quality, results were so conclusive in favor of Turn-Towls that this company installed them throughout the plant.

Name on request

BAY WEST PAPER CO.
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A Division of Mosinee Paper Mills Co.

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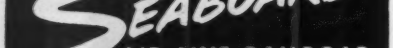
Write: Warren T. White
Assistant Vice President
Seaboard Air Line Railroad Company
Norfolk 10, Virginia



SEABOARD
AIR LINE RAILROAD
THROUGH THE HEART OF THE SOUTH

. . . Speed-up in business tax is light on penalties

of 1960. The other $100,000 due will be split between the March and June payments.

The chart shows the final result. For this corporation, in 1959, it means finding—in the last half of the year—$2,547,250 that the firm would not have had to pay for another six months under the rules of early 1955.

There will be penalties, too—just as for individuals—for failure to file advance estimates of taxes, for failure to pay quarterly, or for big underestimates of taxes. Yet corporations—like individuals—will find that the rules make these penalties easy to avoid. A 30 per cent error allowed in estimates is only the first of the cushions provided by Congress in the new rules.

Some other groups, however, expect to benefit from this new speed-up.

Easier debt handling. The national debt, for one thing, is going to become easier to handle as corporations pay more and more of their taxes currently. The first speed-up gave federal debt managers a real problem. As more and more of corporation taxes were collected in the first half of the year, less and less revenue reached the U. S. Treasury in the last half of each year. Yet Government spending went along fairly evenly throughout the year.

Result: Red ink in the last half of the year.

This has been one of the main reasons for the pleas of Secretary of the Treasury George M. Humphrey for action in Congress to boost the U. S. debt limit for a part of each year.

Now, in this new speed-up, some corporate tax payments are being pushed ahead into the year in which profits are earned—that is, into the last half of each year. This means that the problem of fluctuating revenues—and a fluctuating debt—is going to ease gradually.

For corporations, however, the results are of a different sort. Starting right now, and until the five-year switch is over, cash is going to be a more important consideration for thousands of companies—and not in ways that will prove pleasing to corporate treasurers.

› **Money.** It's getting tougher these days to borrow money—whether for a few months or for 30 years. And it's getting more expensive. New York City banks have just raised to 3 per cent—from 2¾—the rate charged to securities dealers on loans backed up by securities other than Government issues. The action is being taken as a step toward increas-

(Continued on page 99)

PACIFIC GAS and ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 158

The Board of Directors on June 15, 1955, declared a cash dividend for the second quarter of the year of 55 cents per share upon the Company's common capital stock. This dividend will be paid by check on July 15, 1955, to common stockholders of record at the close of business on June 27, 1955. The Transfer Books will not be closed.

K. C. CHRISTENSEN, Treasurer

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. . . Deduction change cost one company 13 millions

ing rates charged to businessmen on their short-term loans.

› Tax Returns. Department of Health, Education and Welfare is getting easier access to income tax returns. The President has just signed an executive order having that effect. The information, explains the President, is needed in maintaining accurate records of wages and self-employment income of individuals for purposes of determining benefits under the federal old-age and survivors insurance system.

› Future expenses. Announcement of General Electric Company, revising its earlier earnings statement for 1954, shows how some companies have been hit by repeal of the tax rules that permitted deduction of some future expenses. Many companies closed their books on 1954, and paid dividends based on a financial picture brightened by the deduction of expenses anticipated in 1955. Then Congress withdrew that privilege, retroactively. Loss of those deductions, retroactively, shrank GE's earnings after taxes by 13.7 million dollars.

› Insurance. The spectacular growth of group insurance is reviewed by the Life Insurance Association of America. In eight years, says the Association, the number of persons covered by employe group life insurance—paid for largely by employers—has increased 110 per cent. Coverage in the same period has increased 115 per cent for group annuities and 310 per cent for group surgical-benefit insurance. Group life insurance now covers about half the work force. The number rose by more than 2 million in 1954 alone. Coverage totals 3,185,000 for group annuities, 14,993,000 for group surgical-benefit insurance and 35,010,000 for group hospital insurance.

› Sales taxes. Twenty States have raised their purchase taxes recently, according to Commerce Clearing House. Vacation motorists will find higher taxes on gasoline in New Hampshire, Vermont, Maine, Connecticut, Iowa, Michigan, Nevada, North Dakota, Wisconsin, Montana, West Virginia, Alabama and Georgia. Highest gas tax, 7 cents a gallon, will be found in Alabama, Florida, Kentucky, Louisiana, Maine, Mississippi, Montana, North Carolina, South Carolina and Tennessee. Nevada, Iowa, Illinois, Mississippi, South Dakota, Tennessee and Washington have boosted general sales taxes or adopted new ones.

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PLUS & MINUS
Latest Indicators of Business Activity

The level of manufacturers' prices, stable over the past year, may be given an upward tilt soon by rising labor costs and higher prices for metals.

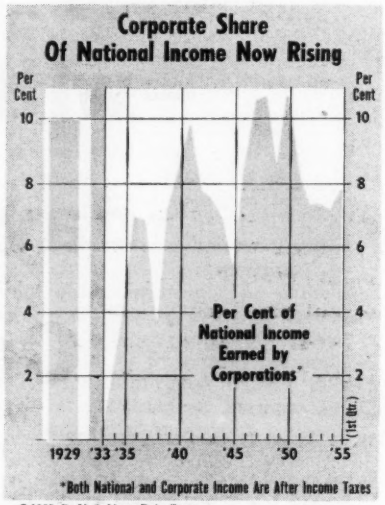
Metalworking companies expect their production costs and prices to average higher in the second half of 1955 than in the first half. That is indicated by a survey of 7,600 companies made by the magazine *Steel*. Nearly two thirds of the companies surveyed expected their costs to be higher in the second half. Thirty-seven per cent expected to charge higher prices. The increases would range from 2.5 to 7.5 per cent.

Higher steel prices have been widely expected once the steel industry made a wage settlement with steel-workers. Many metalworking companies foresee higher wages for their own workers in the wake of a steel settlement.

Size of the metals and metal-products group of industries is indicated by their employment total of about 5.5 million production workers, more than 40 per cent of the total of all manufacturing workers. About 1.5 million of these are in auto plants and basic steel production. Four million are in industries making machinery, aircraft, ships, railroad equipment, appliances, plumbing and heating equipment and other products.

Nonferrous-metals prices have climbed in recent months. Copper, at 36 cents per pound, is up 6 cents from its January 1 level. Tin, at 95 cents, is up 7. Zinc has hit 13, up 1.

The pattern of price changes over the next year is due to undergo some change from last year's. Average wholesale prices of all commodities are about the same as a year ago. Lower prices of farm products and foods have largely offset increases in industrial products such as rubber goods, metals and metal products, machinery and paper. In the year ahead, there will probably be little, if any, decline in prices of farm products and processed foods. Industrial goods, continuing to rise, are likely to lift the general average a little.



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Basic Data: Commerce Dept. and Council of Economic Advisers

Influences making for higher prices have grown stronger in the past year.

Demand is intense. Manufacturers of hard goods—mostly metal products—received 14.4 billions of orders in May, 50 per cent above a year ago and largest since January, 1951.

The supply of metals generally is short of demand. Steel mills have sizable backlogs of orders.

New expansion plans of business firms are reported daily. Satisfactory profits are needed to supply dollars for new plant and equipment and to attract new stock investment.

Idle capacity for production has diminished. Industrial output is at a record high. Insured unemployment is at its lowest since November, 1953.

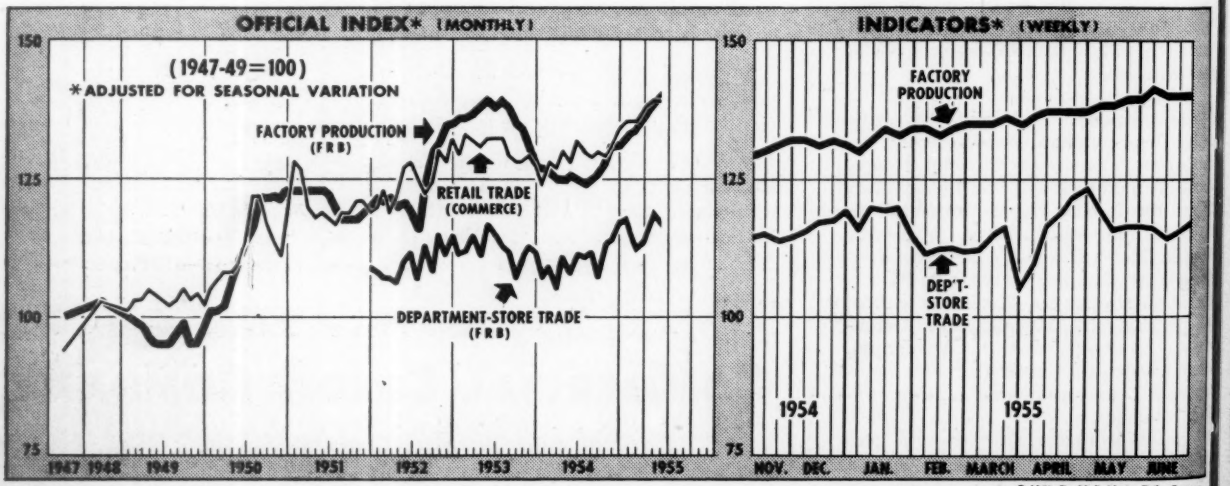
A need to protect profit margins from a further squeeze is strongly felt by business. As the top chart shows, the corporate share of national income, though rising, is well below what it was in other prosperous years.

Price increases have been more numerous in recent months, mostly on products in strong demand. The building boom has helped lift prices of lumber, paint, hardware, plumbing equipment, cement. Furniture prices are up a bit, are due to rise more.

Restraining forces are at work to keep price increases small. U. S. productivity is rising at an average annual rate of 2.5 to 3.5 per cent. Interest rates are creeping up as Federal Reserve Banks fit the supply of new bank credit to the needs of expanding business. Competition in most industries still is keen.

Business activity is strong. Carloadings are 12 per cent above a year ago. Retail trade is active, especially in autos and home furnishings.

Demand for metals is being fed by heavy capital expenditures of all kinds. As a rule, capital expenditures run strong when the business cycle is on an upward course.



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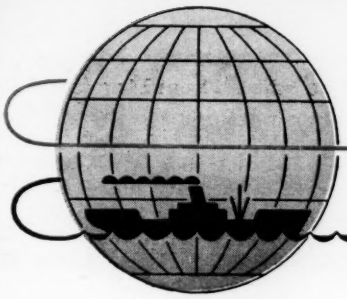

Business Around the World

LONDON • SINGAPORE • TOKYO

›› Russians are again finding how valuable that old capitalist commodity, gold, can be--when bills have to be paid.

Gold flow out of Russia reached record proportions during June, according to "Pick's World Currency Report."

Russian gold--90 million dollars' worth--was sold in London and Swiss markets during June. Another 35 million was sold in May.

This 125-million-dollar total for two months compares with annual totals of 131 million for 1953 and 105 million for 1954. Typically, during the last three years, the Russians have concentrated their sales of gold, as, for instance, in late 1953 and the spring of 1954. Size of the gold outflow in these three years suggests that Soviet gold production is larger than previously estimated.

Russian buying in the free world has been picking up this year. This is especially true of Cuban sugar and Malayan rubber.

›› Recent heavy buying of rubber by the Russians is one reason for the sharp run-up in the Singapore rubber price to the highest level since February, 1952.

Russians had been virtually out of the market for a couple of years. The British decided that it wasn't necessary to control rubber exports so closely.

So now, Soviet purchasing agents are busy as bees again.

Labor trouble in Singapore has pushed up the rubber price also.

Buyers, hedging against possible interruption of supplies from Malaya, have been bidding up the price. It reached 42 cents a pound last week.

But no one in the rubber business in Malaya expects the price level to remain that high for long. Basic price for synthetic rubber is 23 cents.

›› To compete with synthetic on a price basis, rubber growers apparently are going to have to increase productivity and decrease costs on their plantations.

The Federation of Malaya, in an unprecedented action, is earmarking about 90 million dollars over the next 11 years to subsidize the replanting of plantations with newer types of rubber trees that yield far more than the old kind.

For years, the Malayans, like other rubbergrowers, have been coasting along on the theory that prices of U.S. synthetic rubbers would go up after private firms took over the U.S. Government plants. Now the Malayans and the others realize that, under private management, synthetic prices may be reduced and more adaptable kinds of rubber may be produced.

Price differential between synthetic and natural rubber tends to drive more users to synthetic. Thus, high rubber price and labor troubles in Singapore are just what the Soviet Union wants. The higher the Singapore rubber price goes, the more trouble may lie ahead for Malaya--and Britain.

(over)

Natural rubber normally is the second-largest dollar earner among the sterling-area commodities. It will be very serious for the whole sterling area --as well as Malaya--if synthetic absorbs most of the rubber market.

There has been much gnashing of teeth over this possibility in recent years. But markets have always been found for all the rubber produced by whatever method. The Malayan Government's drastic action on replanting shows that Malaya, at least, is prepared to battle to preserve its major industry.

>> There's beginning to be some soul searching in Britain about the pace of the advance in the London Stock Exchange.

British industrial shares, up sharply after the general election on May 26, have risen 60 per cent in the last 18 months. Most stock markets in Western Europe and North America have had similar run-ups in the last couple of years.

It's the rise since the election that attracts attention in Britain. This has been a period punctuated by serious strikes, weakness in sterling, a growing awareness that credit controls in Britain may have to be tightened.

Character of the buying on the market in recent weeks has changed.

Large institutions are turning very cautious in their buying.

Private investors--British and American--have been pushing the market up. There also appears to have been some buying from the Continent.

Volume of trading in London has reached the highest level in eight years.

The minority view on Wall Street--that U.S. stocks are over-valued--is beginning to get a play in the more serious type of British newspaper.

Waves of nervousness like this come and go in Britain as in the U.S.

>> The sad state of the British coal industry is being re-emphasized.

The British electric-power industry, government-owned, has just signed a 10-year contract with Esso Petroleum Company to supply fuel oil for power plants at a cost not to exceed that of coal. A number of new plants are to be oil-burning, and existing ones, in many instances, are to be converted from coal.

This contract is mute recognition that British coal miners cannot keep up with demand and are expected to fall further and further behind.

Oil will have to fill the gap until atomic power plants come into full-scale operation. Oil, of course, has to be imported.

But coal, too, is being imported in increasing quantities. Coal imports into Britain this year are likely to be 12 million tons, mostly from France, the Saar and the United States. Coal imports last year were 3 million tons.

Britain's bill for imported fuels, obviously, will be heading sharply higher. This is bad news in a country struggling to balance her trade accounts.

>> The Japanese are getting out some miniature products worth mentioning:

A portable electric fan, powered by a flashlight battery, has plastic propellers that unscrew for convenient carrying in purse or pocket. Fan is about the size of a pocket flashlight.

A tiny radio, about the size of a pack of cigarettes but only half as thick, has two tubes and an earplug for reception. Cost? $8--in Japan.

A three-wheeled automobile, with plastic body and a scooter motor, will sell for about $520 when in mass production. 90 miles to the gallon of gas. Top speed: 37 miles an hour. This motorized rickshaw is designed mainly for Japanese and other Asians, who haven't the dollars to buy big American cars.

NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN,** in hiring a teen-ager this summer, rely on locally issued ***work permits*** or age certificates as proof of age under the Fair Labor Standards Act in all but four States. So announces the U. S. Department of Labor. In the four States—Idaho, Mississippi, South Carolina and Texas—federal certificates of age are issued by the Wage and Hour and Public Contracts divisions of the Labor Department. In 44 States and the District of Columbia, Hawaii and Puerto Rico, the Labor Department has renewed its agreements accepting work permits and age certificates issued by local officials.

* * *

☑ **YOU CAN,** as a ***defense contractor,*** now base your cost accounting on some new rules under the Armed Services Procurement Regulation. Revision No. 6 covers depreciation formulas, patent-royalty claims and a simplified procedure for settlement of small termination claims.

* * *

☑ **YOU CAN,** in satisfaction of an earlier pledge, make a ***donation*** to a charitable organization of property that has risen or declined in value without incurring a taxable gain or deductible loss. IRS rules that such donations are deductible to the extent of their fair market value at the time of transfer and that no gain or loss results.

* * *

☒ **YOU CANNOT,** under new rules, ***export*** certain parts for X-ray apparatus quite so freely. The Bureau of Foreign Commerce tightens its export controls on these products and issues details of rules governing export of Government-surplus agricultural commodities.

* * *

☒ **YOU CANNOT,** as a ***defense contractor,*** now avoid marking some 75 mill shapes and forms of steel for permanent identification. A new steel-making standard is issued by the Department of Defense. The steel standard, which takes immediate effect, is expected to be followed by other marking standards for aluminum, copper and nickel.

* * *

☒ **YOU CANNOT,** in figuring your own national bank's ***bad-debt reserves,*** use the loss experience of another bank in your locality if your bank has been in business a long time. The Tax Court holds that a national bank in existence for more than 20 years must use its own loss ratio. The Court takes this position despite the fact that a new management and a new, liberalized loan policy point to a larger loss ratio in the future than occurred in the past.

* * *

☒ **YOU CANNOT,** as a ***radio or TV*** manufacturer or distributor, safely engage in any of several practices newly listed in the official trade-practice rules for the industry. The rules have just been issued by the Federal Trade Commission. Three new practices included in the 32 prohibited are misrepresentation about cabinets, deception as to size of a TV picture, and deceptive representation about newness. Rules on these three don't take effect for six months. Other new rules, however, will become effective in 30 days.

* * *

☒ **YOU CANNOT** avoid filing the new ***semiannual financial report*** required by the Securities and Exchange Commission if you now are required to file an annual report to that agency. The new reporting rule applies to about 1,600 corporations with securities listed on exchanges or registered for public sale. The new report, SEC announces, must be filed on form 9-K within 45 days after the end of the first six months of a reporting company's fiscal year. The mid-year reports will not have to be certified by independent accountants.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government Bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

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The Real Story Of RUSSIA

[Continued from page 33]

A Yes, it was considered to be an advantage, but because of the cultural advantages of coming from a middle-class home or a home of the intelligentsia it is probably easier to get into institutions of higher education if you don't come from a working-class home. This is not because educational opportunities are closed to children of workers, but because the intellectual environment in which they grow up is not as favorable as that of the children of the intelligentsia.

EDUCATION AND ADVANCEMENT—

Q Education is the basis, then, for advancement?

A It is the chief way of getting ahead, although, of course, there is access to the top through the party and the bureaucracy.

Q Can a man become the head of a factory if he hasn't had a college education?

A The trend is to have more and more engineers as factory managers. In the early years of the first Five-Year Plan there weren't enough reliable engineers to staff their factories, so they appointed many political persons as directors of plants. But gradually the political-type director has been replaced by the engineer.

Q What people are in the favored class?

A Well, right at the top you find the high party and Government officials—of course, they are more or less identical. And under them you will find the artistic and intellectual elite and the top factory managers. Of course, there are considerable differentials within each of these groups. The incomes of the artistic elite—the writers, composers, actors, opera singers and ballet stars—are sometimes quite large, running into several hundreds of thousands of rubles. Often a university professor's income will be as large as that of a manager in a large factory.

Q Professors do better over there than here, then?

A Oh, yes. A professor's relative position is much better, since his salary is perhaps four times that of a high-school teacher, and the high-school teacher will have a salary perhaps three times that of a kindergarten teacher—so there is much greater differentiation among the different levels in the academic world.

Q Where would a newspaperman or editor fit in that scale?

A Unfortunately, we didn't talk with any editors—just newspapermen. The editor of *Pravda* would fit right in at the top of the scale, but when you get down to small-town papers salaries would be much lower.

Q Who determines the level of the salaries?

A That is determined right at the top by the Council of Ministers.

Q Where do the bureaucrats, either in Government or industry, fit into the scheme? You hear so much about the rising bureaucrats—

A They fit very near the top of the social pyramid, though we discovered that in the educational ministry the bureaucrats are sometimes paid somewhat less than professors. But other privileges come with the bureaucratic position, so it is not a position which would be avoided by a professor.

Q What about a factory manager—what level of pay does he get?

A Salary plus bonuses might total 6,000 to 12,000 rubles a month [$1,500 to $3,000 at the official exchange rate]. That's 7 to 14 times the average monthly wage of a worker.

Q Does their tax system skim off a large part of that?

A The maximum income tax rate is 13 per cent—then there are certain compulsory subscriptions to loans which might eat up another 10 per cent. But the total of income taxes and other contributions is unlikely to exceed 25 per cent. Most Government revenue is raised by a sales tax which hits the low-income groups hardest.

Q Do these people at the top really live pretty well?

A Yes. In addition to having their salaries and bonuses, they have many other advantages. With respect to housing, academic and scientific workers are allotted an extra room. If you are a retired Army officer your children receive free schooling.

Q What proportion of all the people in Russia are in this top group who enjoy lush living?

A That's a difficult question to answer. Probably not more than 5 or 10 per cent. Their standard may be lush in comparison with that of the lower classes in Russia—but actually it is little more than adequate by Western standards.

Q It has been said that the disparity in wages from top to bottom in Russia is wider than it is in the United States. Is that correct?

A If you mean workers—yes. The differential between a nonskilled worker and a skilled worker would be several times greater than the differential in this country.

Q Between a nonskilled worker and a factory manager, what would be the differential?

A In that case I don't think the differential is larger in the Soviet Union, because in this country there are a few managers who make several hundred thousand dollars—with bonuses, perhaps $500,000 or $600,000. These exceptional cases here would provide wider differentials than you find in the Soviet Union.

Q But here you have taxes which take care of the differential—91 per cent on big incomes. There, if they only take 13 per cent—

A After taxes the situation would be more comparable, and perhaps the average differential between managers and workers here would be about the same as the average there.

Q Then they don't have a classless society?

A No, by no means.

SALARIES AS "REWARDS"—

Q Did they find that classes were necessary?

A Salary and other differentials are necessary to provide the incentives needed to draw people into key professions, such as engineering, scientific research and management. Also, the regime has found it necessary to reward the people on which it builds its strength, in order to keep their allegiance. In return they expect obedience and the efficient carrying out of one's responsibilities.

Q Do they talk any more about moving toward a classless society—is it still a goal that they hold up?

A It seems to have been discarded. We asked one good party member the question, "When is Russia going to reach the goal of Communism?" He replied, "Maybe 10 years

. . . "When you look carefully at the top leadership today you find that most of them were Stalin's comrades in arms and most of them were high party leaders before the second World War"

maybe 20, maybe a long time—it's easier to build a building than it is to change human nature."

Q After Stalin died there were predictions that managers would probably get a much greater voice in the running of Russia—that the shift was going to be away from politicians toward managers. Did you notice any evidence of that?

A No. Under a system of collective leadership the views

ONE MORE POSTER GOES UP
. . . but passers-by take little notice

of experts are going to carry more weight than they did under one-man rule, but when you look carefully at the top leadership today you find that most of them were Stalin's comrades in arms and most of them were high party leaders before the second World War. So it doesn't appear that there has been a replacement of party type by the manager or expert type—not yet. It may come eventually, but only after a change from the present type of top-level leadership.

Q What sort of automobiles do Russians have?

A The most popular car is the Moskvitch. This is the car that is within reach of the Russian middle class. It is a small, European-type car. It has a 23-horsepower motor and sells for 9,000 rubles [$2,250 at the official rate]. A buyer has to wait over a year and a half for delivery, however.

A larger car, the Pobeda, sells for 15,000 rubles [$3,750]. A buyer has to wait more than a year for one of those. Then there is a large car, the Zim, modeled on the 1949 Buick, used primarily by officials and visiting dignitaries. It costs 35,000 rubles [$8,750]. You can get one of those in a few months.

AUTO PRODUCTION: LOW—

Q How many people have automobiles?

A We were told one million, but that's hard to believe with production less than 50,000 a year.

Q Are more people now getting cars?

A Yes, they are getting more cars, but they are concentrated in the cities.

Q How about the quality of the cars? Do they run well?

A We were riding in a taxi, a Pobeda, their medium-sized car, and I asked the driver how he liked the car. He said, "Fine, fine."

I said, "Do you have to repair it often?"

He said, "No, it works fine."

At that point, the car stalled in the middle of the traffic. He reached up and got pieces of wire he had tucked away for just such emergencies, was out and in four or five times, and finally got it going.

Q How about roads? Do they have good highways?

A There are only about 50,000 miles of hard-surfaced roads in all of Russia.

Q But Russia is larger than this country and we have 2 million miles of hard roads. What are the Russian roads like that aren't hard-surfaced?

A They are largely dirt—which is easily converted into a morass of mud.

Q Can you travel between the big cities on good highways?

A You would expect one of the finest highways would connect the two largest cities, Leningrad and Moscow. But, as a matter of fact, although there is theoretically a good hard-surfaced road between those two cities, it deteriorates badly a hundred miles from each of the cities.

Q But you would think Russia would be developing roads. What explains this situation?

A They have lacked the means for developing both a railway system and an extensive highway system to go with it. At present they rely almost entirely on their railways for long hauls.

Q Do you see many trucks?

A You see quite a number of trucks. They make up a high proportion of the traffic. Outside the cities, trucks are about the only motor traffic on the roads.

Q Is there a gasoline shortage?

A No.

Q Are there many gas stations?

A Gas stations are very scarce. Moscow has about 25 altogether.

Q Do people go to and from work in automobiles?

A No. Usually they go by trolley or bus. Practically none of the workers has his own automobile.

(Continued on next page)

Q Without cars or good roads, they must need a good railway system. Is their railway system as big as ours?

A No. The system is about a third the size of ours. Since their industrial centers and resources are spread widely over a vast area, great demands are placed on their rail system.

Q Do the railroads have modern equipment?

A They suffered a lot in the war, but we found a number of modern passenger cars in use. Most of the locomotives are modeled after prewar American types. We didn't see any diesels in use. Only one diesel is used between Leningrad and Moscow and the other diesels are largely in the dry area of the country where water supply for steam locomotives is scarce.

Q How long does that diesel take to run between Moscow and Leningrad?

A It takes 10 hours to cover 400 miles. Their trains are slow, but they make up for it by a high rate of utilization of equipment.

Q What are their freight cars like?

A In general, they are smaller than our American freight cars. They have many two-axle cars, comparable to the European type of freight car. One development, though, which pointed to a more efficient trend was the use of separate containers for partial carload lots. Four of these containers on a car made a full load.

Q Were the trains long?

A The through passenger trains usually have 12 to 14 cars. The freight trains were rather short—30 to 40 cars. The roadbeds we traveled on were rather rough—as a result, travel was quite slow. Off the main lines the average speed isn't much more than 20 miles an hour. One reason for this, in addition to the roadbed, is the absence of block signaling which is essential for high-speed railway traffic.

Q Do they have double tracking?

A On their major lines. Most of them are single.

Q How much of their freight goes by rail?

A About 85 per cent. Trucks carry only about 3 per cent.

Q The rest would go by water?

A Yes.

Q Then they are not up to the U. S. in transportation?

A No. Railways are one of their major weak points.

Q Isn't this a great military weakness of the Soviet Union, this lack of good highways and railroads? An enemy could go in with aircraft and blow up a few bridges, and the Russians would be hard up for military transport—

A Yes, but if Russia were invaded it would work both ways. It would hinder the invader.

REGULAR AIR TRAVEL—

Q How about air travel? Do they have many regularly scheduled air routes?

A Yes. There is a fairly extensive network of air routes that includes most of the major cities. They miss the smaller cities which would be included in our country, and the flights are not nearly as frequent as here.

Q What type of equipment do they use?

A They have two types—the LI-2 and the IL-12. One is comparable to our DC-3, the other is a little larger, with a tricycle landing gear. They carry 21 to 27 passengers.

Q How are the airports?

A The administrative buildings are impressive, the runways are good, but there are very few hangars.

You see many transport planes sitting out in the open air. Maintenance work is done on them right in the open. Even the Moscow airport has only three or four hangars for commercial aircraft.

Q Is that a big airport?

What Wages Will Buy In Soviet Union

An average Russian worker earns about 185 rubles in a 48-hour week. Official exchange rate is 4 rubles to $1; actual value of the ruble is about 12 to $1. Here are the prices of some of the things he might buy—and how long he has to work to pay for them:

Article	*Price In Rubles*	*Working Time Required To Earn That Amount*
Bread (pound)	0.67	10 minutes
Potatoes (pound)	1.13	18 minutes
Gasoline (gallon)	2.7	42 minutes
Milk (quart)	2.2	34 minutes
Cigarettes (pack of 20)	4.9	1 hour, 16 min.
Movie (best seat)	5	1 hour, 18 min.
Orange	5	1 hour, 18 min.
Coffee (pound)	5.8	1 hour, 30 min.
Margarine (pound)	6.7	1 hour, 44 min.
Beef (pound)	6.8	1 hour, 46 min.
Bacon (pound)	13.5	3 hours, 30 min.
Vodka (fifth of a gal.)	35	9 hours
Electric iron	47	12 hours, 12 min.
Dress shirt	108	3 days, 4 hours
Men's leather shoes	112	3 days, 5 hours
Table radio	215	7 days
Men's pants (fair quality)	234	8 days
Vacuum cleaner	500	16 days
Man's tailored suit	650	21 days
TV set (12" screen)	2,700	88 days
Auto (23-hp. Moskvitch)	9,000	49 weeks
Auto (50-hp. Pobeda)	15,000	1 year, 29 weeks

Source: Data collected inside U.S.S.R. by Dr. Homer Dodge and Norton Dodge in May, 1955. Prices are from Government stores, except potatoes, which are from collective-farm market.

A That's their major airport. All of the lines radiate from Moscow.

Q Do many civilians travel by air?

A Almost all of the people we saw were civilians.

Q Did they appear to be officials?

A Officials, engineers and a variety of managerial types. They seemed to be traveling on business, largely.

Q Was the equipment comparable to ours?

A The equipment looked older than ours but it operated well. We had complete confidence in the pilots—they did some very skillful flying as we came into Moscow from Stalingrad—a storm front moved in and the pilot flew under it just a short distance from the ground.

Q Did you see any evidence of radar?

A Yes, we did see radar.

Q Did you see any military aircraft?

A The civilian and military fields are separate. We saw a few MIG's and helicopters in the air.

Q How about on May Day?

A There was no air show this year on May Day because of weather. This was a great disappointment, since there was a rumor in Moscow that a new atomic-powered plane was to be unveiled.

Q What do Russians read? Is there much reading of books?

A Yes. There is a great deal of reading in the Soviet

THE CANS ARE FOR MILK
. . . which is "often sold out by noon"

Union. You find numerous bookstores in the cities. Even the taxi drivers spend their odd moments between fares reading.

Q What type of books do they read?

A They read current Soviet novels and—

Q Do they read foreign novels?

A The chances are a taxi driver would not be reading foreign novels, but most of the educated Russians have read quite a number of foreign books and novels. It is a biased list. There are four or five foreign authors they are all pretty well acquainted with—Shakespeare, Dickens, Jack London, O. Henry and Dreiser. Some of these present the seamy side of life in America or England. As a result, Russians often are asking questions in terms of conditions in America 50 years or so ago. The fact that they read and enjoy Mark Twain indicates that we still have a little bit in common.

Q Do they read the Russian classics?

A Yes, on the whole they are quite well read in their own classics—Gogol, Pushkin, Lermontov, Turgenev and Chekhov. We ran into a number of postgraduate students who were very well read. They were familiar with Steinbeck, Hemingway, Galsworthy, Lawrence, Gide, Proust, Maurois, Sartre—and one had even read some James Joyce and T. S. Eliot. He also had read the Kinsey report with considerable interest. Some of the Russian young men and women are far better read than their American counterparts.

Q Can people get hold of books that are not approved by the party?

A All the large libraries have collections of foreign books, but they are kept separate. We received conflicting reports on how readily these are available. We understood that a person could have access to foreign books only in connection with his study or work.

Q Can books that are not approved by the Government be brought in by returning soldiers or travelers and circulated from hand to hand?

A A question you are asked when you enter Russia is whether you have any literature. We are sure they check on their own people, too.

Q So there is an Iron Curtain against literature, too?

A Yes.

Q Do Russians have comic books?

A The Soviet Union does not print comic books.

Q Are there no comic sections in the newspapers, either?

A No comics. There are a few political cartoons.

WHAT REDS CALL "NEWS"—

Q What are their newspapers like?

A Their newspapers are very abbreviated affairs—usually just four pages. The first page will carry the official news—decrees, awards and, of course, the daily editorial.

The second page has inspirational discussions of economic developments and perhaps some articles or letters of self-criticism. The third will have some book, theater or art criticisms and additional articles. The fourth is reserved for international news.

Q Any sports coverage?

A Major events, such as the match we attended opening the 1955 football season, are covered. But you don't find separate sports sections. There is, however, a special newspaper, *Soviet Sport*, which comes out three times a week.

Q Do newspapers deal in personalities?

A Only insofar as personalities are political. The papers cover the official activities of the leaders, but this coverage is impersonal. It never deals with them as private individuals. Papers may occasionally play up some worker or tractor driver who has established a new production record as part of an organized campaign to increase output. These stories have a personal touch, but the worker is used only to help make the point.

Q Do papers report accidents?

A No accidents—they aren't considered news. The Soviet Union has a conception of news entirely different from our own. "The press is the party's chief weapon in the struggle for Communism." That is the way a professor began his speech to a group of journalism students at a Soviet press-day celebration we attended. News, to be news in the Soviet Union, must advance Communism. Social and economic processes, rather than events and personalities, make news in the U.S.S.R.

Q Are crime stories printed?

A If the "criminal" is as important as Beria, the story will be covered. Last year there was a spate of stories about hooliganism. These were part of an organized press campaign to reduce juvenile delinquency.

Q Do you find people reading the papers with interest?

A That's hard to tell, but the papers sell out quickly. So that everyone has a chance to read the papers, they are posted on bulletin boards along the streets.

Q What about television? What kind of programs do they have?

A Television has not yet become an important vehicle for political indoctrination. Most of the programs are devoted either to artistic events—broadcasts of opera performances,

. . . "The Soviets have attempted, with apparent success, to develop a new generation of specialists with open minds in connection with their work and closed minds with respect to politics"

the ballet or theater—or to lectures describing new developments in various fields, such as corn growing in agriculture.

This can be explained, perhaps, by the fact that the people who possess television sets now are largely the upper classes who are already well indoctrinated. They want to turn on the television set to get relaxation—they don't feel the need for political indoctrination. However, as television spreads and becomes generally available, the Soviet Government will undoubtedly use it more and more as a powerful vehicle for propaganda.

LOYALTY AND CONTROLS—

Q You indicate that everything is used for a political purpose. They must not trust their people to do their own thinking—

A You are correct. But a dilemma arises. In a complex industrial society, there must be thinking people equipped to cope with a multitude of technical and specialized problems. These people must be able to think for themselves. The Soviets have attempted, with apparent success, to develop a new generation of specialists with open minds in connection with their work and closed minds with respect to politics.

Q If more and more people accept the official view and are loyal to the regime—won't the leaders feel safer? Couldn't they relax their controls?

A The more repressive ones, perhaps. But the loyal ranks need to be constantly replenished. The regime would be unlikely to let up on its control of the press, radio and the educational system.

Q They haven't reduced their police force?

A Apparently not. The large number of policemen, or militia as they are called, is very noticeable.

Q What type of uniform do they have?

A An Army-type uniform. The color is distinctive.

Q They are distinct from the secret police?

A Yes, the secret police are a special organization, like an FBI [Federal Bureau of Investigation]. A reduction in their numbers would be significant.

Q What are their moving pictures like? Did you see any Russian movies?

A Yes, we saw several. One of them, "Daughter of the Steppes," was typical in that it combined entertainment with a rather plainly spelled out message. It was about a Kazakh girl in Central Asia who was found almost expiring in the desert by some Communist farmers, reclaiming the desert.

She was brought up, educated, sent to medical school, and then came back. And there, where she almost died, were waving fields of grain as the result of the introduction of Soviet collective farming. She worked on the collective farm as a doctor, served with honor during the war, and returned to the farm. Then, at the end, she is addressing a graduating class of young doctors, telling them about her own life and urging them forward.

Their motion pictures are important as molders of youth.

Q How much does it cost to attend?

A The best seats cost about 5 rubles, the equivalent of an hour and a quarter of work for an average worker. One can get cheaper seats for 2 rubles, so prices aren't prohibitive.

Q Are there many movie theaters?

A Far fewer than in this country.

Q Are they well attended?

A Yes, those we attended were crowded.

Q Do they have any foreign movies?

A Charlie Chaplin is well known. Tarzan has been very popular since the war and has become a hero of Soviet youngsters. We met people who had seen "Gaslight" and a Cagney-Bogart film.

Q Were there any cowboy films?

A We didn't hear of any. Some of the Italian films have been quite popular—"Open City," "Shoe-Shine," and so on. More recently some Indian films have been popular.

Q Is there any change going on in their movies—are they trying to brighten them up and make them more palatable to the people?

A Yes, but more than color or 3-D [three dimensions] is required. Motion pictures have been a chronic problem with the Soviets. All that was brilliant and creative in Soviet cinema was killed by Stalin in the early '30s. The film became an instrument for narrow propaganda, serving the political dogma of the moment. The present regime has yet to breathe life into the corpse inherited from Stalin.

Q Did you see any anti-American films?

A No.

RELIGION "ON WAY OUT"—

Q Did you visit any churches?

A Most of the churches are abandoned. Some of the ancient churches are being restored. A few churches are being used.

In Kiev we attended a church service at the Cathedral of St. Vladimir—it was well filled. It was the very high-church ceremony of the Greek Orthodox Church.

Q Were there many young people in the church?

A Not many. Having heard that it was only the older people who go to church, we were surprised to see as many as we did. There were perhaps 10 or 15 youngish men and women and maybe a dozen children out of about 300 people altogether.

Q Did you see anything that looked to you like a marked religious revival?

A No. During the war period there was revived interest, but our impression is that religion is on the decline. It has been maintained by the older people. The young people with whom we talked scoffed at religious belief. The influence of the schools is antireligious, and a teacher who was religious himself would not dare exert a religious influence on any of the pupils.

One reason people have reported a great interest in religion is that there are so few operating churches that they are not difficult to fill. A city like Kharkov may have only five or six operating churches, so it is not surprising that visitors may find them crowded.

Q Then you don't see much chance that a religious revival will stir up the people and cause an uprising?

A I think that religion is definitely on the way out.

Q Did you get the impression that the standard of living in the Soviet Union is rising? Or is it falling?

. . . "Since the war there has been a considerable rise in the standard of living. But the improvement over the best prewar levels has not been very striking"

A Since the war there has been a considerable rise in the standard of living. It was drastically lowered during the war period, but is now fully recovered. However, the resumed emphasis on heavy industry will reduce the rate of improvement.

Q Are living standards now higher than before the war?

A Generally speaking, yes—primarily in the field of consumer durables, such as automobiles, radios, television sets, vacuum cleaners. But the improvement over the best prewar levels has not been very striking.

Q Did you get the impression that Russia is sort of a frontier country, outside of the few large cities?

A Well, in many respects it has the aspect of a frontier or undeveloped country.

Q Do the people show a pioneer spirit? Are they enthusiastic?

A The young people impressed us as enthusiastic. They are, perhaps, the most favored class in the Soviet regime. Also, the full force and effort of the state propaganda machine is concentrated on the young people—

Q Are they enthusiastic about Communism?

A They are enthusiastic about their own future, and the future of Russia—a future under Communism.

The older people seem to have lost a great deal of their spirit and optimism. One felt that the peasants' vision of the future was quite different from that of the young people. They saw in their future just more hard work, with only a very small rate of improvement.

Q But the young people were really enthusiastic? Were these the more intelligent young people? The students?

A Yes. They will eventually occupy the higher positions in the class structure. From their vantage point at the start of their careers all avenues are open ahead.

Q Will they become disillusioned with the Communist system later on in life?

A Probably not. Most of the representatives of the Soviet upper class whom we met seemed satisfied with life. The new generation should find its place in life with fewer strains, since it has been conditioned to accept as natural many features of Soviet life which the older generation found repugnant.

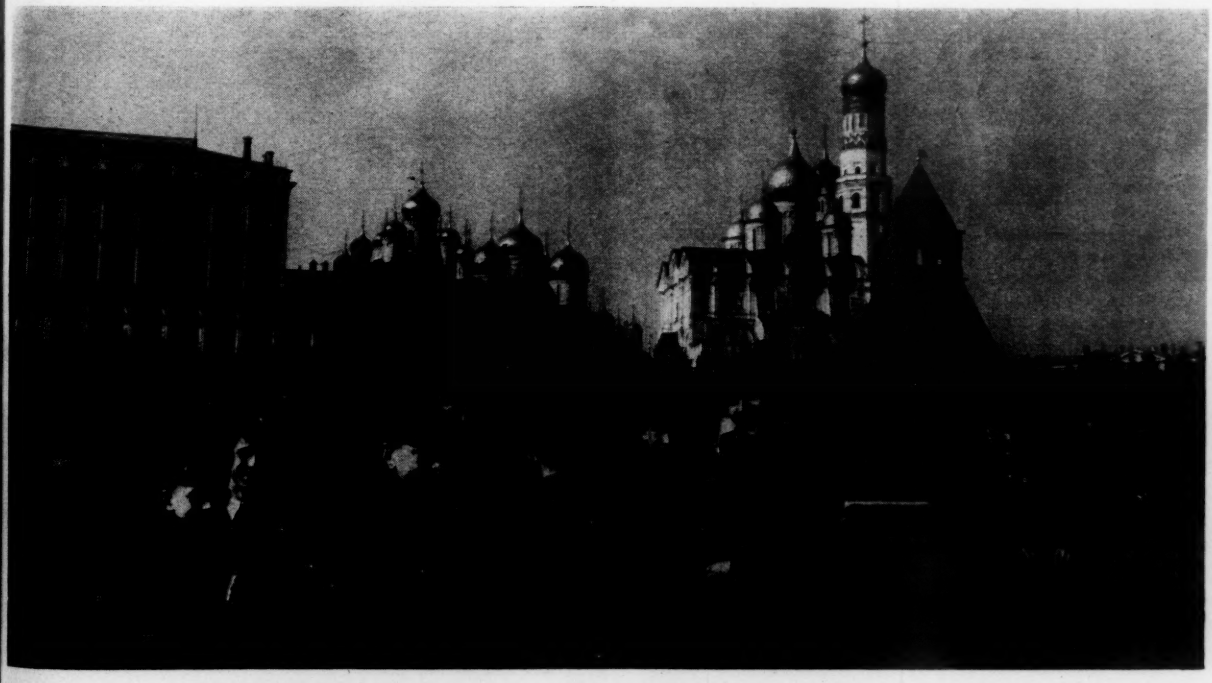
Q Don't they get discouraged by how much better off people are in other countries?

A Unfortunately, they are not aware of that. They are taught that the standard of living of the worker in the West is lower than in the Soviet Union. They are taught to think they are in some sort of a paradise—a fool's paradise, since they have nothing to compare it with.

Q Aren't young people worried about purges—being sent to Siberia?

A There has been a general relaxation of tensions following Stalin's death. We asked an economist about this in connection with his choice of career. He said he sometimes wishes he had picked an exact science where it would not be so easy to make political mistakes.

In his field, demotion was a very real possibility, but Siberia, he felt, was a thing of the past. Considerations such as these are more likely to influence the choice of



THE KREMLIN LOOMS: "They are taught to think they are in some sort of a paradise"

career than to discourage young people from striving for a career.

Q From the way you describe Russia—as a backward country, with all kinds of shortages, bad transportation and so forth—it's hard to understand how the Communists have succeeded in selling it to many parts of the world as something wonderful.

A If visitors could realize what the actual situation inside Russia is, it would be difficult to sell it. But so many people are not fully aware of conditions there.

Q But aren't the Russians always bringing in visiting delegations, like Chinese?

A When they bring the Chinese visitors in, the Russians show them the new University of Moscow, which is probably the finest educational plant in the world. They show them the magnificent buildings, the 6,000 single rooms for students, and then they take them up and down the wide avenues, and in the subways—to the Chinese it looks as if it is a fine system.

Q Did you run into Chinese everywhere you went in Russia, or just in Moscow?

A The majority were in Moscow.

Q Are the Soviets really concentrating on China?

A There is no question about it.

Q Propaganda is their big weapon?

A Yes.

Q How can the U. S. counter this propaganda?

A We should let anybody and everybody come to this country and let them stay as long as they like. We may have to control a few people, but that should be our policy.

Q You think this would expose some of the Communist propaganda?

A They can't help but be convinced that there is at least some inaccuracy in what they have been taught at home about our country. And if in return Russia would open up some there, it would be fine. We know so little firsthand about Russia. We have everything to gain by getting into some of the back areas there.

INDUSTRY: BEHIND U. S.—

Q In heavy industry, are the Russians up to the U. S.?

A No they are not. They have a long way to go, but they have made great progress.

Q They are concentrating on steel and a few basic products, such as tractors and railroads, but even in those fields they are still not up to us?

A That is true. Take locomotives and tractors, for example. They are still based largely on American models, although the Russians have developed some new ones of their own recently. Their automobiles are still largely modeled on foreign models.

Q President Franklin D. Roosevelt once referred to the Americans as being one third ill-fed, ill-clad and ill-housed. Do the Russians appear to be well fed and well clad and well housed?

A It is difficult to know what standards Roosevelt had in mind when he made this statement—but more than 90 per cent of the Russians are ill-fed, ill-clad and ill-housed, by what we would consider a good standard today. Of course it is unfair to compare Russia with the United States. In addition, Russia suffered terribly in the war. You should compare Russia with the poorer sections of Europe. Then Russia shows up more favorably. If you compare Russia with Asia, you will find standards better and that, of course, accounts in part for the appeal which Russia has for the Asiatic peoples.

Q You mean they are better off than the Chinese?

A Yes. They bring the Chinese to Moscow and show them

(Continued on page 112)

MOSCOW'S PARK BENCHES . . .

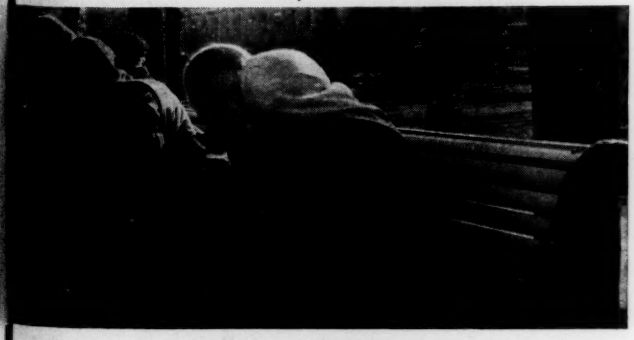
SNAPPY UNIFORMS win admiring glances from two schoolgirls

KNOTTY CHESS PROBLEM

HIDE AND SEEK

S.... ON A SUNNY AFTERNOON

SPRINGTIME ROMANCE



A BIT OF GOSSIP

RED SOLDIERS AND STALIN

FATHER AND SON

. . . "A Communist who recently visited Russia told us without hesitation that he had no desire to live there"

around on well-conducted tours. While we were in Moscow there was a constant flow, in and out, of Chinese delegations.

Q Are they impressed?

A Very much.

Q How about people from India—do they bring them in?

A Not en masse. Some of the Indian leaders have been shown around.

Q What was their reaction?

A We had a chance to talk with two officials from India whom we met on a train and they were not at all impressed.

Q Communism is supposed to hold out hope even to Americans. Some Americans seem to think that it offers more than our present system. Did you see anything to support that view?

A No. A visit to Russia would cure that idea. In fact, in one of the Scandinavian countries we talked with a Communist who recently visited Russia. He has weakened in his faith and told us without hesitation that he had no desire to live there.

Q What seemed to convince him?

A Well, he had seen the way people live and was not at all impressed. That weakened his belief in the principles of Communism a great deal. He was a theoretical Communist and when he saw it in practice it weakened his belief in the virtues of Communism.

HOW MUCH TO EAT?—

Q How about food? Was it abundant in Russia?

A There were a number of shortages during the period we were there that were quite obvious. There were shortages of milk, sugar and meat.

Q How about bread?

A There is plenty of bread—they have both white and black.

Q Are people actually hungry or do they get enough to eat?

A They get about the same number of calories as British or other European nations. It is the balance of the diet which would put them in the ill-fed category. It's a grain diet, heavy in starches and low in proteins and fruits and vegetables.

Q Are the Russians fat as a result, or large—what type are they?

A They are of medium height—they are not tall.

Q Not as tall as Americans?

A I don't think so, on the average. As a result of their diet they tend a bit toward the lumpy side, especially the women. On the whole, the children looked quite healthy. They were rosy and happy and well taken care of. We saw only three children crying during our whole stay in Russia. Parents are very doting, and take good care of them.

Q What food was short?

A Well, we mentioned milk and meat and sugar. You can get margarine, but butter is scarce. Of course, the supply of everything has to be considered in relation to prices. They had some oranges that were shipped in for May Day celebrations, and so were available for a time, but at very high prices.

Q What were the prices?

A A medium-sized orange cost 5 rubles. At the artificial exchange rate of four rubles to the dollar, which Americans pay, the price of one orange was $1.25.

Q Did many people buy them?

A They were serving them at the hotels where we were and people were buying them in the stores, too. You would see them carrying them in the streets.

Q Are five rubles really equivalent to more than a dollar to a Russian?

A The official rate gives a false impression. It makes more sense to convert the price into the hours an average Soviet worker would have to work to buy an orange. The average wage is a little less than four rubles an hour, so it would take an hour and a quarter of work to buy an orange. An American worker can earn an orange in a few minutes.

Q Can you go into a store and get frozen orange juice or grape juice and so on?

A We saw no frozen foods or orange juice. They did sell tomato juice. You could get some tomato juice in a glass for 70 kopecks [seven tenths of a ruble] and drink it on the spot. They sell carbonated fruit drinks on the street for 40 kopecks. That's not a great deal more than a soft drink would cost here.

Q Do they have canned goods?

A Yes. But they are quite expensive.

Q Were people complaining about food shortages?

A On a couple of occasions we saw resentment break through. On the Don River, when our steamer landed at one of the small farming communities, they began unloading sacks of potatoes for the farmers. On the surface this was a bit surprising, but due to the drought last year there was a big shortage of food in the Ukraine. So this spring they were shipping potatoes into this region.

One of the peasants was a bit drunk and got into a nasty argument with the man selling the potatoes. He was cursing the high price—10 rubles for five pounds—and conditions in general. Of course, most Russians are not aware that the situation is different in other countries. But at least one woman was.

We met her in the collective farm market at Stalingrad. She had bought a small bunch of radishes and I asked her how much they cost. She said, "One ruble," and then asked me, "Where are you from?"

I said, "From America."

"Oh," she said, "from America. How are things there?"

I replied: "Well, you don't have to pay a ruble for a bunch of radishes there."

"I know," she said. "Russia is the only place you have to pay so much for radishes. If I were in America I would be full up to here"—indicating her throat—"and very fat."

So she obviously knew the situation abroad and was not happy about her lot.

HOW GOODS ARE SOLD—

Q They have to stand in line, I suppose, for a lot of food?

A Yes, for milk, for example. Milk was often sold out by noon. There is always a tendency in their stores to have line-ups because they have a peculiar method of handling sales. You line up first to order the goods, then you go to the cashier and line up to pay the cashier and get a receipt. Then you stand in line again at the counter to get your goods in exchange for the receipt.

Q In other words, there were three lines?

A Yes. One often had to wait in three places.

Q Then they don't have any self-service?

A No, not in the state stores. At the collective-farm mar-

. . . "Somewhere between a third and a half of an average Russian's income is spent on food"

kets, sales are made on a man-to-man basis, often with some sampling of the product.

Q Is there bargaining?

A The prices are set by the market administration and are changed from time to time according to supply and demand. There is, however, a certain amount of haggling about weight—whether the meat weighed just a little bit more or a little bit less. Some hard feelings developed on that point.

Q Do the Russians have to queue up in front of stores to get a chance to buy?

A We saw many lines outside of stores. On one occasion we were preparing to take a picture of one of these lines and a very irate woman came out of the line and made it clear that we must stop. Before we got through, a number of people had assembled and a militiaman. The militiaman was not much concerned but seemed to think that he must satisfy these people that he was doing his duty. So he went on down toward the hotel where we told him we were stopping, with a couple of the onlookers tagging along. We followed along afterwards but, as near as we could make out, the militiaman was not interested in us; he was merely concerned with satisfying the onlookers.

Q What was that gathering doing?

A They were waiting in line in front of a store to buy peanuts. An enormous sack of peanuts had just come in from China.

Q Why didn't they want their picture taken?

A They are very sensitive about the existence of these lines.

WHAT'S IN THE STORES—

Q Do their stores have everything in abundance, the way our stores do?

A No, not in the least. For example, Government meat stores were frequently sold out by afternoon.

Q What did you see in a grocery, for example? Shelves loaded with canned goods, like in our stores?

A Not in such profusion. You would find displays of canned goods with six to a dozen of each different type. In the windows were cheeses, cuts of meat, fish, picked poultry and proudly crowing roosters—all made of wax.

Q How about the sanitation in their food handling?

A This leaves a great deal to be desired, particularly in the collective-farm markets where it is all pretty much hand-to-hand. Meat is often handled in the open. Customers will walk along and feel a piece of meat and see how they like it.

Meat will not be refrigerated during the day, but they do have provisions for refrigeration at night. Most of the soft drinks are sold from little carts with a supply of glasses. A fountain sprays up to wash the glass, but it sprays up inside the glass, more or less missing the rim, which, of course, is the part you would like to have washed. This discouraged sampling on our part.

Q What percentage of a Russian's income is spent on food?

A There is no precise data on this. Somewhere between a third and a half of an average Russian's income is spent on food.

Q Do they have vegetables?

A Vegetables are rather scarce, but cucumbers, radishes, carrots and onions were available in the collective-farm markets at high prices. In hotels the only fresh food we could get was a salad made of sliced cucumbers with sour-cream dressing.

Q No lettuce or tomatoes?

A No lettuce. You could buy stewed tomatoes prepared by the collective farmers. But at that time in the spring there were no fresh tomatoes.

Q How about coffee?

A Coffee is available, but tea is the major drink.

Q Then Russians can't get much variety in their diet?

A No. They get enough calories, but are lacking in variety, and lacking in protein foods and fresh foods. Eggs are available, but again expensive—about a ruble for an egg.

HOW RUSSIANS ARE DRESSED—

Q How about clothing? Are the Russian people pretty well dressed, generally?

A The clothing on the whole looks quite drab compared to what you see in this country. It is lacking in variety and color, and the materials are not of high quality. You find variations according to the economic levels of the people. You can always spot a collective farmer or a manual worker by his rough dress—likely to be boots, and a quilted jacket.

In Leningrad, where it was quite cold when we arrived, one had the feeling that everyone was in uniform because of the unvarying black of the overcoats, dark suits and dark hats.

As one moved farther south and it became warmer and more springlike, people blossomed forth in more colorful clothes.

Q Is there much variety in women's clothing?

A Not nearly as much variety as would appear in any Western country.

Q Are there any of these new so-called miracle fabrics, like Orlon or nylon?

A They have Kapron [synthetic fabric] stockings, but we were told they were not of very high quality.

Q Are the women smartly dressed? Chic?

A There is very little style in their clothing, at least by our standards. We took careful note of the women's dresses at the operas and ballets we attended and it seemed that they were about what an American woman might wear around the house in the afternoon, if she didn't expect anyone to be coming in and there was still some wear or warmth in a dress that she had used for several years. And another thing was that when they did have a little more money, their clothes were made of heavy fabrics with ornate designs, such as one might see in hangings.

Q You mean they were overdressed?

A Yes. They are quite Victorian in their taste.

Q Is the clothing mass-produced?

A Most of the clothing is turned out in quantity but in cities you can go to a tailor shop or co-operative and leaf through a pattern book and order the pattern you like. As in America, the patterns usually look more stylish than the finished product.

Q What were the prices?

A Five hundred to 800 rubles for a suit.

Q Would such a suit be as attractive as an American suit?

A It would be about like a $30 or $40 suit here.

(Continued on next page)

. . . "By our standards, and by the standards of most European countries, Russians are not well housed at all. Many families are living in one room"

Q Is it well designed?

A Not according to our notion of style. The Russians like very large pants legs and were rather critical of my narrow trousers. One of them wanted to know if we didn't have enough material in the United States. Another fellow was critical of my shoes and wanted to know why they had such heavy soles. "Much better to have the thin soles like I have," he said.

Q How about their shoes—did they appear to be of pretty good quality?

A It's hard to judge; one would need to wear them. Our impression was that the shoes were not of first quality—they were of about the quality you might find in a second-rate American store, catering to people of limited income.

Q Were they of leather?

A Yes. But they had other kinds.

Q You didn't see any people without shoes?

A We did see some peasant women without shoes, and there were many women working on the railroad and doing that type of work who wore felt boots with heavy rubber bottoms.

One old peasant in a market was wearing shoes made of the inner bark of birch. This was the traditional footwear of the Russian peasants, but you don't see it much any more.

Q Can you walk into a store and buy a suit or a dress ready-made?

A Oh, yes. You can walk in and buy ready-made clothes, or, if you want to pay more, you can get tailor-made clothes.

Q There's no real shortage of clothing?

A There didn't seem to be. It was on display and seemed readily available. When you speak of shortage, though, the price takes care of that. We saw in one of the store windows a child's cotton dress such as one would buy in the United States for $2 or $3, and the price of that dress was 71 rubles, which would be $17 or $18. Such prices keep demand down to the supply.

Q Can women buy cloth to make their own clothes?

A Yes. Cloth costs 8 to 20 rubles a yard.

Q With prices so high, how can they afford clothes?

A Well, the average Russian doesn't have very many suits of clothes.

Q Does their clothing look old?

A It looks well worn but, except for the very poor people, it does not look patched.

Q Did you see many uniforms?

A Yes, you see uniforms everywhere, but particularly in Leningrad and Moscow. There are uniforms for civilian occupations as well as military.

HOUSING IS POOR—

Q What about housing? Are Russians well housed?

A By our standards, and by the standards of most European countries, not well housed at all. In big cities, most people live in apartments. The official norm is something like 9 square yards of living space per person. However, they haven't been able to provide even that, and in Moscow, Leningrad and other cities, as a result of the war it has dropped as low as 5 square yards per person. That would be only about the size of double beds. Many families are living in one room, sharing the toilet facilities and cooking facilities with other families. The people that we spoke to who were in the middle class, you might say, had two or three rooms for a family of four or so.

Q They do all their sleeping, eating and cooking in these two or three rooms?

A The cooking would be in another room. They might share a common kitchen with several families.

Q What kind of cooking stoves do they use?

A Some may have gas, but much of the cooking is done with little kerosene-type stoves. We saw electric hot plates for sale. But these cost 99 rubles—half the weekly wage of an average worker.

Q Are the homes pleasingly decorated? Or are they barren and drab?

A We were able to look into the apartments in the evening as we passed them on the streets. They were quite crowded and cramped for space, but we noticed that they were very homelike, with plants in the windows and the things that seemed to them the little marks of home.

PEASANT WAGON AND MODERN TRUCK
"There are two different Russias . . ."

Q What type of housing did you find in the country?

A Out in the countryside, a typical Russian house would be of log and plaster—in some cases with a thatched roof or in others a board roof with cleats over the gaps. In some places you find tar-paper-type roofing.

Q Did you find around the outskirts of a city like Moscow any suburban developments—individual frame houses such as we have?

A We didn't visit any, but outside Moscow and other cities there are areas where well-to-do Russians live in cottages.

Q They would be for the rich people?

A Yes, for the upper class. The ordinary person would never have a home like that of his own.

Q You don't often find a family in a house by itself?

A There are small houses—rather dilapidated—around the outskirts of the big cities and also in the villages. Here there

. . . "In terms of the backlog of need, there is not nearly enough building. The quality of construction is quite low"

will be one family to a house. It may be one room or two rooms, but seldom more.

Q Do they have neat, well-tended lawns around their homes?

A We saw nothing that could be called a lawn in all the places we visited. One reason is that, in many of these outlying districts of a city where you find separate houses, there are no water mains that reach all the houses. People have to go to a communal faucet or pump and carry their water for their own personal use. If you have to carry all the water on your back you aren't going to be watering a lawn—at best you will just water your little bed of radishes and cucumbers and other vegetables.

Q Would there be mud around the houses?

A You would find packed dirt when it's dry—mud when it rains.

Q When do the apartment dwellers get any fresh air?

A In city parks and on excursions. For the favored classes out beyond the edge of the city there are little garden plots with small cottages large enough to live in during the summer.

Q How about television aerials? Did you see many?

A Yes, a surprising number. In the major cities of European Russia—Leningrad, Moscow, Kharkov—they had television. It's also reported to be available in a number of the major cities in the Urals and Siberia. In Leningrad we saw a sprinkling of aerials on the roofs of apartment buildings and in Moscow even more, both on the bigger and newer apartment buildings and on the little old houses and shacks on the outskirts. So you have the same development that you find in this country. People in low income brackets will scrape up all the money they can and put it into a television set. Television seems to come before sanitary conveniences.

Q Is there electricity every place?

A Electricity is generally available around the big cities and towns.

Q How about in the country?

A There are large areas of rural Russia that do not have electricity yet. Only about 25 per cent of the collective farms are electrified.

Q Do they have good sewage systems?

A Plumbing is extremely backward, even in the big cities. For example, in the old sections of Kharkov there are communal toilet facilities for the apartments grouped around a courtyard.

Q One for the whole apartment group?

A Yes.

Q Is it safe to drink the water from a Russian faucet?

A One can and the Russians do—we stuck primarily to bottled water.

WHAT HOUSEWIVES CAN BUY—

Q How about household gadgets, such as pressure cookers, vacuum cleaners, things like that?

A More are available now, but at a price. In one store there were vacuum cleaners on sale for the equivalent of three weeks' salary of an average worker. We saw no pressure cookers, but there were pots and pans in a great variety of sizes.

Q What were they made of?

A Aluminum.

Q Are the rents high for houses or apartments?

A They are very low, but this hardly compensates for the lack of space and facilities in the average apartment. The state sets the rents. They are obviously subsidized.

Q Does the state allocate the apartments?

A There are varying methods by which they are allocated. Some of the apartments belong to organizations, such as a factory or Government organization, and they allocate the apartments to their workers. If you don't happen to belong to an organization which provides apartments, you register with the municipal housing office and wait your turn to get a place. The space is allocated according to space norms. As a result, you may have to share an apartment with a family you don't know. There are cases where a man has been divorced and remarried, but the first wife still had rights to the apartment and stayed on with the new wife. Such crowded conditions and the absence of privacy undoubtedly contribute to many personal problems.

THE "ZIM" AUTOMOBILE
. . . for "officials and visiting dignitaries"

Q Do you see much building of new apartments?

A There is quite a lot of building going on but it was noticeable that there were large numbers of unfinished buildings where little or no work was going on and it made one wonder if perhaps the labor force had been drawn from the building of apartments and shifted to heavy industry.

In terms of the backlog of need, there is not nearly enough building. It's going to take them a long time to catch up. The war was a major setback and they have not yet entirely rebuilt cities such as Rostov and Stalingrad. Of course, the underlying difficulty has been that housing has been neglected since the Revolution.

Q What about the quality of the building? Didn't Khrushchev complain about this a few months ago?

A Our impression is that the quality of construction is quite low. They have a knack for erecting a building that looks 100 years old by the time they finish it.

Q What seemed to make the buildings look old?

A It's not simply the style, which is ornate and wasteful—

. . . "Building construction is being handled to a considerable extent by women and older men"

it's not only that, but it's also the workmanship that goes into the building. They don't square things up—they may have a set of stairs and the top step won't be the same height as the other steps. The care and pride of workmanship which one finds in most Western countries is not found in Soviet construction.

They are stucco buildings—the brick is covered with stucco. Shortly after it is put on, the color just makes you think it has been exposed to the weather for a long time. It has a stained, uneven, weathered appearance. The framing of the windows, although the materials are good, doesn't fit very well. The paint looks as if it had been on for years. Cracks develop inside the building, and so on.

They do put a lot of good materials into the buildings—that's obvious—but workmanship is poor. They aren't used to precise and careful work and this new generation which is being trained hasn't gotten on the job as yet.

Q But the Russians seem to be able to do precision work on airplanes and things like that, don't they?

A Yes, and that is where they are concentrating their effort and putting their best-trained men. Building construction is being handled to a considerable extent by women and older men.

HOW RUSSIAN CITIES LOOK—

Q Do Russian cities look like cities here? Are the streets paved and well lighted? Are there sidewalks?

A One striking difference is the lack of big shop windows and advertising. Aside from Moscow, which is distinctive, the central parts of the cities we visited in Russia looked somewhat similar to other European cities. But as you get away from the center of the city—

Q How many blocks from the center of the city do you go before you see a change?

A It depends on the city, but some distance. Then you get into areas which look like old villages with wood and log houses and scroll woodwork, very ornate. You feel as if you were in the Russia of Chekhov and Tolstoy. There is no curbing, no pavement, no running water and no sewage system.

In cities like Moscow they have been creating big new boulevards leading out from the center of the city, and they are impressive. They are six lanes wide and have a central area in which a driver can turn if he wishes. These boulevards are built by pushing back or taking down the old buildings and replacing them with new apartment and office buildings, many with shops on the ground floor.

But if you walk 50 feet from one of those streets, through an archway behind the façade of new buildings you pass into a completely different world, into the nineteenth century.

Q How about the rush hour—did you see a 5 o'clock rush?

A Yes, there was a rush from about 7 to 9 in the morning and from about 5 to 7 in the evening.

Q Is it anything like the one in Washington?

A If you mean anything like traffic jams, no. And it is limited pretty much to the main boulevards. Once you get off on the side streets, the traffic dwindles to nothing. And there is no parking problem whatever—you can park anywhere.

Q How about bicycles—do Russians ride bicycles?

A Not many—you see children with bicycles, but not many adults. It's not like Denmark or Holland.

Q How do the Russians travel?

A By trolley cars and buses. They have fine new trolley buses in the big cities.

Q Are there enough?

A Yes, except at the rush hours, when there is some queueing up.

Q Does the subway system in Moscow handle much traffic?

A Yes. The trains run every three to five minutes, travel at a good clip and move a lot of people. Of course, the subway is very ornate; it's a showplace.

Q When you saw a factory, was that factory as good as an American factory? Were the methods as advanced?

A The plant on the outside often looked much older than an American plant. Inside, to use the Kharkov tractor plant as an example, the general layout was as good as in a modern American plant, one reason being that many of their large plants were built all at once, according to a well-laid-out plan, whereas ours often have grown up over the years, being added to, bit by bit.

"A BACKWARD COUNTRY"—

Q What is the general impression of Russia—that of a very modern, advanced country?

A The visitor who does not see the progress being made in industry and education gets the impression of quite a backward country. A modern plant, like the tractor plant, does not give a typical picture of Russia.

Q You mentioned the Kharkov tractor plant as an example. How good is it?

A This Kharkov plant was modeled after the Stalingrad plant, built in 1930, which was designed by American engineers, constructed under the supervision of American engineers, and largely equipped by American and European firms. The Kharkov plant was destroyed during the war, rebuilt, and equipped with Russian equipment, but the general layout of the plant is the same as it was back in the '30s, which was a very good plan. The equipment one sees now looks good. There's plenty of it and it's well taken care of.

Q Did they seem to be well organized and efficient?

A Yes, most American tractor plants producing crawler tractors have several rather short assembly lines producing different types. The Kharkov plant produces only one crawler on a long line. Hence the activity is spread out and doesn't appear to be as great as in an American plant. Actually, a tractor came off the line every 15 minutes.

Q Was the assembly process mechanized?

A It wasn't as mechanized as in an American plant. There were fewer electric wrenches, and much more of the work is done by hand.

Q Did they turn out as many tractors per man and per day as an American plant?

A Their production was at a pretty good rate, about 60 to 70 crawlers a day; that would be about 20,000 a year. They are also producing 40 to 50 small wheel-tractors a day. Since their total force is only 16,000 workers, that's a pretty good rate of production.

It would compare fairly well with the big American plants. Their production per man-hour is almost as high as in our plants.

Q This is one of their show plants, isn't it?

A Yes. For example, the Stalingrad plant has older equipment and the manager there points to the Kharkov plant as the plant one should visit to see what they are doing now.

. . . "Along the streets you would find women digging up the sidewalks. They were using picks and shovels and crowbars. . . . Women handle the more menial jobs requiring unskilled labor"

Q But Russia isn't turning out 6 or 7 million cars a year, as in the U. S., is it?

A No.

Q How does Soviet tractor production compare with American output?

A American production is up around 300,000 a year. The Russians are turning out about 140,000.

Q Did you see quite a bit of manual work done by women?

A A tremendous amount is done by women. Along the streets you would find them digging up the sidewalks. They were using picks and shovels and crowbars.

Q Why don't the men do such work?

A The men for the most part have more training and work in the factories or at other better jobs. That leaves

AT A COLLECTIVE-FARM MARKET
". . . a certain amount of haggling about weight"

the women to handle the more menial jobs requiring unskilled labor.

Q Aren't they educating women the same as men?

A Yes. Women are offered equal opportunities for education—and they also have equal opportunities to work in the foundry or on the railroads or to dig up the streets.

Q How is labor organized in Russia? Are there unions as we know them?

A Unions do not exist in the Soviet Union in the sense that we know them or understand them. There is no place in the Soviet system for the traditional activities of trade unions as defenders of the employes against the employer.

Q What do the Soviet labor unions do?

A The Soviet union is an effective means for enforcing labor discipline, increasing productivity, insuring plan fulfillment and supervising some of the social-welfare functions of government. It also provides a link between the party, which is the elite group, and the mass of workers.

Q In other words, the union is an arm of the state?

A Yes, it's a part of the state administration.

Q Do the workers ever get together and tell the manager of a plant that they think they ought to have higher wages, shorter hours, or different working conditions?

A No, such an action would be considered subversive. Wages and working conditions are established by governmental decrees—the workers have no say in the determination of these important matters.

Q Do they have grievance committees that can make complaints to the plant managers?

A It's not possible for the workers as a whole to make a complaint. However, it is possible for an individual worker to do so. Most of their complaints are concerned with the application of existing rules and regulations by management. These complaints are taken to the evaluation-conflict commission of the shop, which is made up of management and labor—half and half. This commission determines whether the interpretation of the rules and regulations by management is correct or not.

Since half the members of this commission are management, it means that the labor half has to convince the management half that management was wrong. So the worker isn't as well protected as he would be under our system.

Q Who determines whether a man gets ahead—is promoted?

A This is a management function. Promotion is determined by training, skill and experience.

Q Does the union have anything to say about it?

A No.

CHANGING JOBS: DIFFICULT—

Q If a worker once takes a job, can he change that job?

A Legally, he has to get permission from the director, because the director holds his work book, and he isn't supposed to get employment at another job without his work book.

Q What is a "work book"?

A It shows where the worker has worked and his job classifications. It gives his working history.

Q How difficult is it for a worker to get permission to shift jobs?

A When we asked workers about the problem of changing jobs, they denied that there was any difficulty. Of course, they may have slanted their answers. But in practice most workers seem to be able to shift if there is any particular reason. If the manager of a plant can replace a worker, the chances are he will be able to shift. Management in Russia doesn't like dissatisfied workers any more than here.

Q But if a factory manager says he needs the workers in the plant where they are working, then the workers can't leave?

A Not unless management lets them go.

Q Then they are more or less slaves, aren't they?

A Hardly that—most are able to shift if they want to. There are certain circumstances where the management has to give a worker permission to leave. For example, if a husband is sent to work somewhere else, his wife can obtain permission to follow. But they aren't free just to pick up and go.

Q Did you come across workers who had shifted jobs?

A We did meet some who had shifted. We met one young

. . . "Strikes are nonexistent in Russia today. They would be considered an act of disloyalty"

man, however, who had left his job but was unable to find a new job because he didn't have his work book. That is what happens when you leave without permission.

Q What was he doing, then?

A That was something of a mystery. He was wandering around the streets of Moscow. Where he got his food and lodgings, we don't know.

Q Do they have many beggars in Russia?

A You find a few, in parks and around churches.

Q While you were in Russia did you read much about strikes?

A Strikes are nonexistent in Russia today. They would be considered an act of disloyalty.

WHY UNIONS CAN'T ACT—

Q Are there slowdowns—is there any way in which workers express dissatisfaction?

A Since the workers are paid largely by piecework, it would be difficult to stage a slowdown and still eat. The piecework system puts pressure on the workers to keep output up.

Q Do the managers use speed-ups?

A They do raise the norms from time to time, but they can't be changed within the year. There have been reports of norm breakers—"Stakhanovites"—being treated in a rather unfriendly fashion by their fellow workers for pushing the norms up.

Q Are these Stakhanovites used more or less as decoys in the speed-up system?

A Yes. A great deal of publicity is given to them and of course they get very high wages—sometimes as high as 3,000 to 4,000 rubles a month.

Q They are the fair-haired boys in the factory?

A Their salaries put them on a par with the engineers or even some of the plant managers.

Q Is the norm set at a rate that the average worker can fulfill under ordinary conditions, or is it set above his ability?

A Since one often reads of overfulfillment of norms, they must be set at levels which most workers can reach. One also finds complaints in the papers about the need to revise norms. They have so many norms that they can't keep them all up to date.

Q Are working conditions in factories pretty good, as a rule?

A At the Kharkov tractor plant, working conditions seemed to be quite good. The factory was light, there was sufficient space, and not a great deal of noise.

Q That was a showplace, though.

A It would be one of their better factories, but by no means unique.

Q Now, what about Soviet agriculture? Here in the U. S. only about 15 per cent of the people are farmers. But in the Soviet Union, farmers represent about half the population, don't they?

A Yes.

Q What kind of farms do they have? Are they mostly state farms, or collective farms, or what?

A Only about 10 per cent of the sown area is under the state-farm system. The rest belongs to collective farms.

Q Aren't there any individually owned farms?

A There are practically no individual farmers.

Q What are state farms?

A State farms are owned and operated by the state and pay their workers a fixed wage—it's like a farm factory.

Q What is a collective farm? How are collective farms set up?

A The great bulk of them were established in the collectivization drive of the early '30s. The land and farm property of the peasants were pooled to form the collectives. Legally, the collective farm is self-governing. But in fact, most of the chairmen are appointed by the party. The chairman directs the farm work.

Q Are the managers farmers themselves?

A In the early days, when there weren't enough reliable party members with farm experience, they were often city people. Now they are usually experienced in farm work.

Q How large is the average collective farm?

A Before the war a typical farm might consist of 80 families and 1,200 acres in crops. In 1950 many farms were combined, reducing the number from about 250,000 to fewer than 100,000—so the average size is now considerably larger.

IN STALINGRAD: POSTWAR APARTMENTS . . .
"In the city center: modern buildings"

Q How are these farms worked?

A The members of a collective farm constitute the labor force. At present you would find that considerably over half of the workers on a collective farm are women. Many able-bodied men were lost during the war and others have been drawn off into industry.

Q How does a collective farm gets its seed, machinery, fertilizer, etc.?

A Fertilizer would be purchased by the farm. The collective farm itself sets aside seed each year for sowing or for exchange with a Government seed farm. Farm-machinery services are supplied by "machine tractor stations"—for a price.

Q Who sets the price?

A The Government sets the price for tractor and other mechanical work, and there are complaints among collective

. . . "Russia is not going to solve its farm problem until a way is found to give the collective farmers sufficient incentives. The peasant's share has been so small that not enough incentive has been provided for him"

farmers that the charges are too high. Often they would prefer to do the work themselves.

Q What happens to the crops they grow on a collective farm? Who gets them?

A As the system operates now, a major share of the crop is delivered to the state and to the machine tractor stations as pay for the plowing, harvesting and other mechanized work. Another share is retained by the farm itself for seed and reserves. The peasants receive whatever is left. The amount will vary widely depending on the success of the harvest.

Q How is the individual share of each farmer determined?

A Remuneration is based on the number of labor days which each peasant performs during the year, and the value

. . . AND SLUM DWELLINGS LIKE THESE
"Behind the facade: a rabbit warren"

of those days. At the end of the year, all the labor days are added up and divided into the cash and crops that are left over after the obligatory deliveries and sales to the Government have been made, the machine tractor stations paid in kind for their work, and reserves set aside. In that way the value of each labor day in terms of cash and grain and other produce is determined.

Q Is there much left over for distribution among the farmers?

A Sometimes the residual is very small.

Q Do farmers sometimes hide a little of their collective crops from the officials?

A That would be difficult. But the farmers also have their private plots behind their houses which they can farm for themselves. They can market some of the produce, if they wish, and eat the rest. In these collective-farm markets many of the farmers were bringing produce from their own small supply.

Q How big is one of these private plots?

A Two thirds of an acre to one and a quarter acres.

Q Can they grow much food in that space?

A Yes, the peasants devote a great deal of attention to these private plots, so much so that the Government has had to take measures to increase the days worked on the collective farms.

Q How do they stop a peasant from spending more time on his own plot than on the collective farm?

A Each member of a collective farm must perform a specified minimum of work each year. Currently they are pushing a campaign for a voluntary increase in the number of labor days each peasant contributes. Sometimes they aren't left with much time to work their own plots.

Q Who owns the livestock on a collective farm?

A Over half the livestock belongs to the peasants themselves. An average peasant family may own a cow and a few sheep, goats and hogs. As a rule, horses are the property of the collective farm.

Q Are there many horses?

A The horse population is less than half the pre-World War I figure. There were great losses during the first World War and then again during the collectivization drive when many of the horses and other livestock were slaughtered by the peasants.

Q How does a peasant feed his livestock?

A In addition to his plot, the peasant is permitted to use pastures belonging to the collective farm, but not the hayfields.

WHO EATS BEST—

Q Do the farmers get more to eat than the city folks?

A The collective farmers may fare worse than the city people, sometimes.

Q It doesn't seem as though this system would give the peasant much incentive to grow more crops to help solve the food problem, does it?

A Russia is not going to solve its farm problem until a way is found to give the collective farmers sufficient incentives. The peasant's share of the total has been so small—a quarter to a third in the prewar period—that not enough incentive has been provided for him.

Q But how can they provide this incentive when they need food so badly in the cities?

A Khrushchev's recent reforms raising Government procurement prices and reducing some delivery quotas should provide additional incentives. But, under present conditions, the Government cannot leave the peasant what he should get and have enough left over for the cities. The future growth of industry, therefore, is closely linked with the success of agriculture.

Q Doesn't Khrushchev also have a plan to send thousands of workers to the collective farms to drive the farmers to higher production?

A Yes, but that won't get to the heart of the problem—which is the lack of incentives.

Q It looks like a difficult job, trying to make Communism work, doesn't it?

A It doesn't work by itself. It works by a very elaborate

. . . "In the 'new lands' the Russians will be lucky if they get two or three good crops out of five. If they aren't careful they may create another dust bowl. It will take several years to tell whether the program is really workable"

system of incentives and compulsions. As we have seen, the situation in agriculture shows it doesn't always work.

Q What about this new program of the Soviets to bring under cultivation land that is not now being farmed? Did you see some of the "new lands," as they call them?

A No, we weren't able to get to the new lands. There was talk about them in the cities. The people we talked with didn't know much about the hard facts of farming and had boundless faith in the success of the program.

Q Where is this area they are trying to bring under cultivation?

A It's largely in southern Siberia and in Kazakhstan, which is south of Siberia and north of Central Asia. It is a region of extremes in weather, very cold in the winter and hot in the summer with limited rainfall.

Q Do you think they'll be able to grow crops there?

A The Russians will be lucky if they get two or three good crops out of five. If they aren't careful they may create another dust bowl. Khrushchev's new-lands scheme is far more grandiose than anything they undertook when they first attempted to cultivate a part of this area. They now plan to open up an area as large as the entire sown area of Canada.

It will take several years to tell whether the program is really workable. A basic question is whether it would not have been better to have devoted the same resources to developing existing crop areas more intensively.

Q Do they have transportation and equipment to develop such an area?

A They are obviously pushing into the area with very little in the way of preliminary preparation. They lack water systems, they lack roads, they lack railroads, they lack storage facilities, they lack equipment. Judging from paintings exhibited at the Tretyakov Gallery in Moscow, life in the new lands is rugged. They are living in tent towns and hauling water.

Q Do the people working these new lands go out only for the growing season, or are they supposed to stay there the year around?

A They are encouraging people to go out, settle down and raise families.

Q Are people volunteering to go out to the new lands?

A Yes, there are volunteers, but the problem is to get them to stay there.

Q What are they planting in the new lands?

A Wheat—spring wheat.

NEW EMPHASIS ON CORN—

Q Isn't Russia trying now to increase its corn production?

A They are not trying to grow corn in the new lands. The corn campaign is centered in European Russia, where the climate is better.

Q Is the growing season there long enough for corn to mature?

A No, it won't mature. The growing season is short, so they are planning on harvesting it at the "milk" or silage stage, and using it for silage.

Q What is the idea behind the corn program—to produce more food for the people?

A Yes, but the corn is for animals. The idea is to feed it to livestock. The Soviet diet includes little meat, so this is an attempt to improve the quality of the diet—to increase the amount of proteins. But some people who take a rather jaundiced view of the project say that one reason for raising silage is that the collective farmers can't eat it—they won't have to watch them so closely.

Q Is this corn program going to work? Is it realistic?

A Khrushchev has based his program on estimated yields which are far above those achieved in comparable areas in this country. He also seems to have underestimated labor requirements. To get the same feed value from corn silage that you get from small grains takes three to four times as much labor. The peak value of corn as feed rises very rapidly in the process of maturing. If you have to harvest it in the milk stage you're going to lose much of the food value.

A WASTED CANAL—

Q The Russians talk a lot about their big new Volga-Don Canal. Did you see that Canal?

A Yes, we were probably the first Americans to travel by steamer from Rostov to Stalingrad on the Don River and Volga-Don Canal. This is a trip of about 350 miles and takes three nights and two days.

Q That seems like pretty slow travel, doesn't it?

A Since there are no direct road or rail connections between Rostov and Stalingrad, it is one of the best ways to make the trip.

Q How big are these two cities?

A Each is close to half a million.

Q And no direct railway connecting them?

A No direct line, though one can make the trip by rail on a roundabout route.

Q Is the Canal really impressive?

A Yes, it is a very impressive project—a tremendous job of construction, with everything in connection with the entrances and locks done in a monumental way.

Q What is the general layout of the Canal?

A The artificial waterway is in two parts—an immense lake, made by backing up the Don River for nearly 60 miles, and the canal proper connecting the Don and Volga rivers. The canal proper covers 64 miles.

Q What is the purpose of the dam on the Don?

A It provides the power to operate the Canal, it provides water storage for a part of the 155-mile irrigation system, and serves also to control floods. Of course, a major purpose is to provide many miles of slack water for easy navigation.

Q How big is the dam?

A It's 9 miles long and about 60 feet high. It's an earth dam, with concrete spillways.

Q What is the primary purpose of the Canal?

A It's hard to be sure. The Canal has been talked about since the days of Peter the Great. There seem to be three purposes for the Canal: One is to connect the great Volga water system with the Don—in this way linking all the major Soviet waterways and connecting the Caspian, the Black, the White and the Baltic seas. A second purpose is irrigation. Another purpose may be to make possible the shifting of submarines from the White and Baltic seas to the Black Sea.

. . . "Russia could be compared with some of the most backward sections of Europe today or with some South American countries. But, in terms of industry, Russia compares favorably with the more advanced European countries"

Q Is the Canal deep enough to handle submarines?

A It is a little shallow for a submarine, but a submarine could be buoyed up with pontoons and towed through. There is plenty of room in the locks.

Q How many locks are there?

A There are 15 in all—2 at the dam, 4 more to reach the crest, then 9 to get down to the Volga, which is well below sea level, 290 feet below the Canal's crest. The locks are about 400 feet long and 60 feet wide.

Q How about the quality of construction on the Canal?

A Although the Canal has not yet been in operation three years, we saw signs of deterioration. As we started the descent to the Volga, we heard water splashing and found that quite a stream of water was coming out of the wall of the lock. Water had leaked in behind the side wall when the lock was full and was running out as it emptied. Small leaks of this kind are to be expected in old construction, but nothing like this in new work.

Q Was traffic on the Canal very heavy?

A That was one of the great surprises we had in Russia. Between Rostov and Stalingrad we passed only five tugs with tow barges during the daylight hours—and four of these were on the river itself.

Q Do you think the canal is worth while—or is it a grandiose failure?

A From our observations, the Canal could never be justified on purely economic grounds.

Q What kind of boat did you ride on your Canal trip?

A It was a fast boat, a large side-wheeler built in Czechoslovakia since the war, as were a number of the boats operating on the Don River and the Canal.

Q At about what period in American life does Russia appear to be?

A It would be like the United States 50 or 60 years ago. Or it could be compared with some of the most backward sections of Europe today or with some South American countries. But, in terms of industry, I think Russia compares favorably with the more advanced European countries, although it is not as far developed as our own.

Q So that you really do get the impression of two different levels—one of industry and one of general living?

A Yes. The two seem inconsistent because in any other country the two developments would go along together. Industrial development in Russia has been forced—it has been the policy since the beginning of the five-year plans to emphasize heavy industry at the expense of consumer goods.

—All photographs by Homer and Norton Dodge

FROM RED SQUARE: "Please send to your country the word that the Russian people want peace"

in only a few of their buildings. Here in an American city it is an exception to find a building with a poor elevator. On the continent of Europe, you can go up on the "lift" but you usually have to walk down.

In European cities, they don't paint their buildings or their houses as often as we do—hence they have an untidy appearance, which even the alibi of "antique finish" fails to dispel. In Paris they say this is due to rent control. Why, it is contended, should a landlord improve a building if he can't increase the rent to pay for it?

I didn't see a new taxicab in London or Paris. Most of them are ten years old or older. The finest railroad trains, night or day, have only one toilet at each end of the car—for as many as 20 passengers. The modern bedroom car with its roomettes, so widely used now in America, is unknown abroad.

Europe with its myriads of bicycles resembles America in the 1890's. Motorcycles are increasing in number, but tractors are still rare in the rural areas. Farming is still in the horse-and-plow stage in most of Europe.

Telephones are not numerous, though increasing. Long-distance telephoning in Europe is a headache. I wondered the other day in San Francisco, as the operator dialed Washington direct for me from a pay-station telephone and I talked to my office a few seconds later, whether a European business man wouldn't faint at the shock of such prompt service.

It would be wrong to take any of this comment as disparagement. As one who favored the Marshall Plan and who still favors economic aid of substantial proportions to Europe, both from the military and humanitarian standpoints, I have no doubt that Americans can be persuaded to continue to give generously of their tax money to help build a peaceful world. But perhaps now and then an American should be permitted a rhapsody of satisfaction over the peaceful, albeit at times luxurious, position which the average citizen here in the United States enjoys in comparison with the less fortunate citizens of the rest of the world.

No Urge to "World Leadership"

Plainly, America is an independent, self-sustaining community, replete with the necessities of life, and its people unconcerned about territorial aggrandizement or colonies or even the doubtful privilege of exercising "world leadership." The fact is most of us would rather pass that compliment on to one of our older allies and be divested of the burden.

To illustrate our naïvete in world affairs, I might remind Europeans that the average American would have to stop a moment to be sure how to spell Chiang Kai-shek and, before June 1950, would probably have guessed wrong as to where Korea is on the map of Asia. I doubt if today the average American could readily locate Formosa. But he does know there is a Communist menace in the world and that 40,000 American boys were killed in Korea and 110,000 wounded because our leader—the then President of the United States—urged us to fight for the ideal of collective security and said it was important to draw a line somewhere and resist Communist aggression or it would engulf us all. That is why Americans today regard Formosa as a symbol of resistance to evil.

Bewildered By Allies' Stand

It should be no surprise to our European friends, therefore, to find Americans still idealistic, though often bewildered by the newspaper dispatches repeatedly telling us that leaders of Britain, leaders of France, leaders of Yugoslavia, leaders of India all say we should admit the Government of Red China, a proved aggressor, into the United Nations and let bygones be bygones.

Many people in America cannot accept, for example, such unpersuasive arguments in support of continued diplomatic relations with Red China as Harold Macmillan, Foreign Secretary of Great Britain, made at San Francisco last month. He said diplomatic recognition was just a historical doctrine of accepting a government that militarily controlled its country. He forgot that back in the 1940's General Petain, Hitler's collaborationist, controlled all of France while patriotic General DeGaulle was sitting in London as the head of the exiled government of France but recognized by Great Britain. DeGaulle didn't even control any offshore islands, either. Nobody in America would have ventured then to suggest that the so-called rule of diplomatic recognition should be observed and Petain should be recognized.

It will be said in rebuttal to this that a war was on in the 1940's. Well, there's a "cold war" on today, and it is costing the American people plenty to fight it. That's why many of us don't like to see official spokesmen for our allies giving encouragement to Red China. A principle of morals is still valid, whether the war is hot or cold.

The upshot of all this could be fatal for Europe. Once convince the American people that expediency rules the roost in Europe—that international morality and idealism are to be disregarded except when the mobilization of American manpower is sought to help fight wars distant from our shores—and the attitude of Americans toward defending Europe in a future war may be far different than was manifested by our armies

in 1917 and 1941. For anybody who recalls the spirit of a battlefront will tell the statesmen of today that men who are prepared to give up their lives must be dedicated to some principle they believe in—and it may be difficult to fool them next time if some of the European doctrines of today continue to prevail.

How to Make "Isolationists"

Europe should not be worried about the possibility that America might plunge the world into war. Europe should really be concerned about the possibility of another course of action which could conceivably ensue if the masses of people of America ever have a chance to take a look at Europe, listen to some of the opinions expressed there about America, and then come back home to take stock of our own good fortune. It might make "isolationists" here by the millions.

I write this as one who has never supported any "isolationist" doctrine, as one who came back from the Versailles Peace Conference in 1919 convinced that America should enter the League of Nations, as one who has supported consistently the international policies of the Roosevelt, the Truman and the Eisenhower Administrations in respect to military and economic cooperation with Europe at all times, and as one who would like to see those same policies continued.

But I cannot forget what happened when two million Americans went to Europe in uniform in 1917 and 1918 and how deeply they resented European attitudes when they came home. I have always felt that the isolationism of the 1920's—which I so vehemently opposed at the time—was due directly to the fact that so many American boys felt let down after World War I. They saw Europe quarreling selfishly within itself and disregarding the morality of high principle. They saw our allies in Europe seeking and getting material gains as the victorious nations acquired the territory and confiscated the investments of the conquered peoples, thus sowing the seeds of Hitlerism as ideals were cast to the winds.

Europe today, only partially recovered from the effects of World War II, has not yet learned the lessons that the war should have taught about America and Americans, for I doubt whether, if you sweep away ideals and disregard principle, you can enthuse Americans to fight again for a set of slogans that may turn out once more to mean nothing if parliamentary politicians at London and Paris decide that expediency must rule above all else.

Happy, prosperous, well-clothed, well-housed, well-fed America, with opportunities galore for the children of tomorrow, peaceful and almost pacifistic America, with high ideals and a willingness still to authorize billions of dollars to be spent abroad—even though some misguided Europeans insist we do it for selfish purposes to aid exports and benefit our investors—all of this might seem to argue for an indifference to Europe and its mess of troubles. But in every city and town from one end of the United States to the other, there are forward-looking citizens who gather in small and large groups to discuss world problems. They are better informed about Europe than Europeans are about America, and they preach the gospel of helpful internationalism.

It would be unwise, on the other hand, to overlook the many groups in America that can be converted to an isolationism of spirit overnight if European statesmen continue to base their policies on misconceptions about the average American and his reaction to things European.

Americans are critical of the judgment of governments which insist on making our country pay the toll in Korea in lives and money and then deliberately brush aside moral principle for expediency's sake, as they yield in Indo-China, yield in the Far East, and yield to the terrorism of Communist imperialism on other "cold war" fronts.

Americans know that there are ways—without war—to quarantine the Communists and deprive them of the opportunities to infiltrate our institutions and subvert our governments. For it takes money and agents, paid by the Communists in Moscow, to carry on the "cold war" inside the Western countries. The Western allies could long ago have cut all this off had they possessed the courage of their convictions and the necessary unity of purpose to hold to the ideals they so often profess but so rarely practice.

A Land of Plenty and Ideals

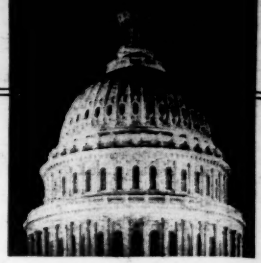
Lucky America, fortunate America—far away from the over-populated lands and shell-shocked, underprivileged people of Europe!

May the Lord spare us the atomic bombs that can come to our country only because we have said we would defend Western Europe!

Let not, however, the poisonous germs of "expediency" afflict the American people. Let us not assume that we can assure our own safety by avoiding entanglement in European security systems.

Happy is the American traveler who, after seeing Europe, can come back home with a prayer of gratitude on his lips for what we have but with his idealism and unselfishness unsullied by European materialism.

May God continue to bless this land of plenty, this land of opportunity—Lucky America!



LUCKY AMERICA!

BY DAVID LAWRENCE

TWO THOUSAND MILES of travel by train around Europe and then a trip across the United States by train, all within the last two and a half months, affords the chance for a study in contrasts.

Since America was colonized originally by Europeans, it is not a question of comparing cultures or intellectual capacities. Our forebears merely found in the United States a land of opportunity, and they had the ingenuity to utilize its resources and bring forth the richest and most powerful country in the world.

These are, primarily, personal reflections about America itself—a few notes on its present mood and a look into its heart—if only for the purpose of demonstrating how erroneous is the concept of those statesmen, members of parliaments, party leaders, newspaper editors and commentators in various countries of Europe who have come to look upon the United States as a nation of impulsive, hot-headed, trigger-happy people anxious to fight another world war.

When you travel across America, as I have, through city after city in State after State larger in area than whole countries in Western Europe and realize that we have millions of miles of good roads, millions of motor cars, millions of homes with electricity, telephones and modern plumbing, comfortable trains, good hotels and motels, mammoth industries and countless retail stores with everything in them that man could desire—then you begin to wonder why on earth the United States should be accused of wanting to start a world war. You wonder why Americans should ever be willing to go 3,000 miles across the Atlantic or 5,000 miles across the Pacific to fight.

For the comparison is so favorable to America and so unfavorable to the congested life and lower standard of living in Europe, when put alongside ours, that anyone who thinks the people of the United States are war-minded and want to disturb all this should have his head examined.

Why the "Warmonger" Nonsense?

One can understand the Soviets' purpose in continuously issuing propaganda calling Americans warmongers. It is one way the dictatorship in Moscow can scare the Russian people and make them sacrifice butter for guns. But why so many persons high up in the official and business life of the principal European countries allied with us should sincerely believe that kind of nonsense is something I was unable to understand. Indeed, I argued the matter with many of them repeatedly at private dinners, conferences and meetings at which I had an opportunity to meet truly representative men of affairs abroad.

Could it be that some "left wing" correspondents in New York and Washington, writing for European newspapers, have been skillfully distorting the American viewpoint for the last few years? Could it be the result of partisan politics in Europe itself and of the debate in parliaments so often aimed at discrediting an incumbent administration with the usual appeal to nationalism and the customary twist that the home government is "bowing to" or "accepting the dictation of" a foreign power?

The Cure—See America

Whatever it is, I can prescribe a cure—a trip across the United States by train, with plenty of stops. If in a hurry and pressed for time, the airplane is fine. But if you want to see and appreciate America, go by train—or, better yet, by automobile. For you can't feel the throb of this great country while skimming through the clouds at 350 miles an hour.

It is not the scenery alone—the fertile lands, the picturesque rivers and mountains of transcontinental America—that you will observe in a close-up view. You will meet a peace-loving, happy people. You will see them at play—fishing in the streams and lakes, golfing and playing tennis and baseball on municipal recreation grounds, or watching the contests of sport. And you will see them—eager, earnest, alert and indefatigable—at work in the factories and the fields.

Wages and accumulated savings are high. Profits and accumulated reserves for further expansion are high. If the American people look healthier than Europeans, possibly it's because we are better fed. I compliment the fine cooking of Europe. It is incomparable as an art. But, fortunately, God gave us a wonderful climate and millions of acres in which to grow corn to feed animals. The corn-fed steaks and chops of our Middle West contribute to our vitality. I believe also there is no diet anywhere in the world to compare with our cereals, our abundance and variety of fresh fruits and vegetables, our canned and frozen foods—available at relatively low prices—and the good milk that we have everywhere from coast to coast.

The physical look of European communities is different, of course, from American cities and towns. They have some skyscrapers in Europe but modern elevators

(Continued on page 122)

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